

# Consumption Taxes

**Beer Tax**  
**Cigarette Tax**  
**Diesel Tax**  
**Gasoline Tax**  
**GVW & Other Fees**  
**Liquor Excise & License Tax**

**Liquor Profits**  
**Lottery Profits**  
**Tobacco Tax**  
**Video Gambling Tax**  
**Wine Tax**



**Legislative Fiscal Division**



[www.leg.state.mt.us/css/fiscal/](http://www.leg.state.mt.us/css/fiscal/)



# Legislative Fiscal Division

## Revenue Estimate Profile

### Beer Tax

**Revenue Description:** A tax is levied on each barrel of beer (31 gallons) produced in or imported into Montana based on the amount produced. A small portion of the revenue from the beer license tax is returned to Indian tribes per an agreement between the Department of Revenue and the tribes.

**Applicable Tax Rate(s):** The per barrel tax varies based on barrels of production:

- up to 5,000 barrels - \$1.30
- 5,001 to 10,000 barrels - \$2.30
- 10,001 to 20,000 barrels - \$3.30
- over 20,000 barrels - \$4.30

**Distribution:** Beer tax revenue is distributed 76.74 percent to the general fund and 23.26 percent to the DPHHS state special revenue alcohol account. The general fund portion is reduced by the amount of the tribal distribution.

**Summary of Legislative Action:** The 59<sup>th</sup> Legislature did not enact legislation that impacted this general fund revenue source.

#### Statutory Reference:

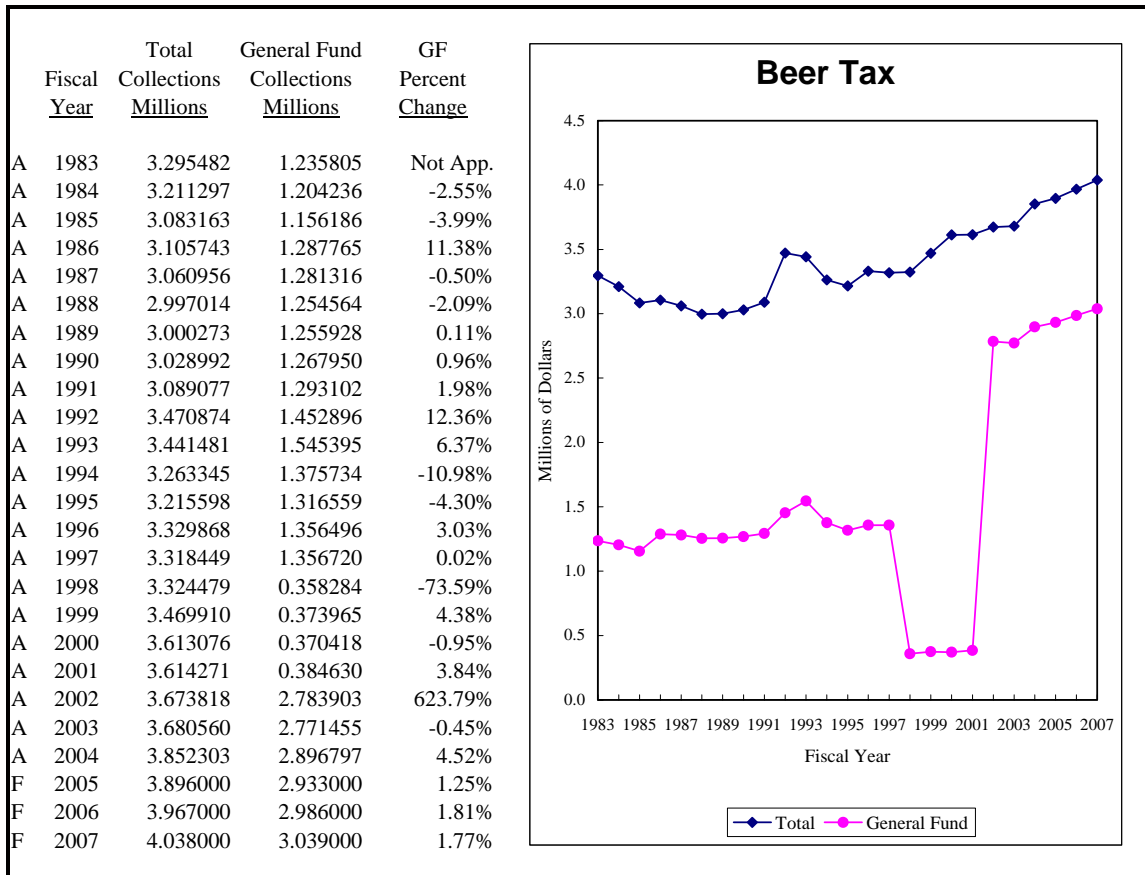
Tax Rate (MCA) – 16-1-406

Distribution (MCA) – 16-1-406

Date Due – end of the month and collected in the next month

**% of Total FY 2004 General Fund Revenue:** 0.21%

#### Revenue Projection:

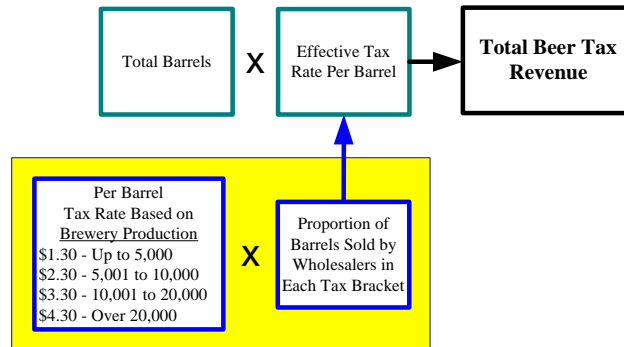


# Legislative Fiscal Division

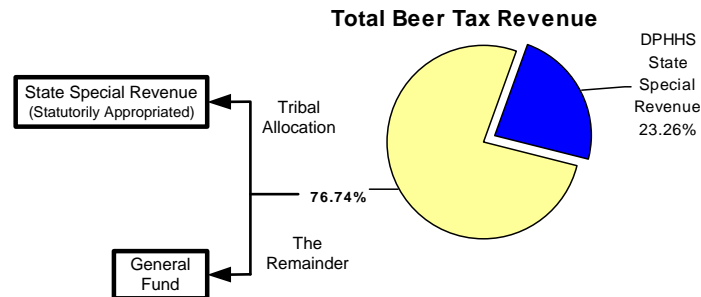
## Revenue Estimate Profile

### Beer Tax

#### Forecast Methodology



#### Distribution Methodology



#### Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2005 legislature that may affect future estimates of this revenue source.

|          | <u>t</u>      | <u>Total Tax</u> | <u>GF Tax</u>   | <u>Barrels</u>  | <u>Tax Rate</u>   | <u>Effective</u> | <u>GF Percent</u> | <u>Tribal</u>   |
|----------|---------------|------------------|-----------------|-----------------|-------------------|------------------|-------------------|-----------------|
|          | <u>Fiscal</u> | <u>Millions</u>  | <u>Millions</u> | <u>Millions</u> | <u>Per Barrel</u> | <u>Tax Rate</u>  | <u>Allocation</u> | <u>Millions</u> |
| Actual   | 2000          | 3.613076         | 0.370418        | 0.840250        | 4.300000          |                  | 0.116283          | 0.049723        |
| Actual   | 2001          | 3.614271         | 0.384630        | 0.840528        | 4.300000          |                  | 0.116300          | 0.035710        |
| Actual   | 2002          | 3.673818         | 2.783903        | 0.867120        | 4.300000          | 4.236803         | 0.767400          | 0.035385        |
| Actual   | 2003          | 3.680560         | 2.771455        | 0.869267        | 4.300000          | 4.234098         | 0.767400          | 0.053007        |
| Actual   | 2004          | 3.852303         | 2.896797        | 0.900678        | 4.300000          | 4.277113         | 0.767400          | 0.059460        |
| Forecast | 2005          | 3.896000         | 2.933000        | 0.910932        | 4.300000          | 4.277113         | 0.767400          | 0.057000        |
| Forecast | 2006          | 3.967000         | 2.986000        | 0.927613        | 4.300000          | 4.277113         | 0.767400          | 0.058000        |
| Forecast | 2007          | 4.038000         | 3.039000        | 0.944294        | 4.300000          | 4.277113         | 0.767400          | 0.060000        |

$$\text{GF Tax} = \text{Barrels} * \text{Effective Tax Rate} - \text{Tribal}$$

---

# Legislative Fiscal Division

## Revenue Estimate Profile

### Cigarette Tax

---

**Revenue Description:** The cigarette tax is an excise tax imposed on all cigarettes sold or possessed in Montana. The tax is imposed on the retail consumer, but is collected by wholesalers or retailers through the use of tax insignia. The insignias are purchased from the state and affixed to each package of cigarettes. The tax does not apply to quota cigarettes sold on an Indian reservation. In practice, the tax is levied on all cigarettes and the wholesaler receives a refund for the amount within the quota that has been sold within the boundaries of an Indian reservation. Each tribe's quota is equal to 150.0 percent of Montana's per capita tax on cigarettes multiplied by the enrolled tribal member population, or any other amount agreed to in a state-tribal agreement. The state has agreements with five tribes in Montana.

Beginning May 1, 2003, the Fifty-eighth Legislature passed SB 407 increasing the tax on cigarettes to \$0.70 per 20-cigarette package, a 289 percent increase from the previous \$0.18 tax. Shortly thereafter, the electorate approved I-149 that raised the tax on packs of 20 cigarettes by \$1.00 to \$1.70, beginning January 1, 2005, an increase of 143 percent. Both SB 407 and I-149 changed the distributor percentage discounts, but the amounts that distributors are allowed to retain for administration of the tax stayed relatively constant. SB 407 changed the distribution of the tax revenues to increase the amount deposited into the state general fund. I-149 increased tax revenues for veterans' nursing home operation and maintenance and provided revenue to a new state special revenue fund for health and Medicaid initiatives.

#### Applicable Tax Rate(s):

- Beginning January 2005, the excise tax on cigarettes is \$1.70 per package of 20 cigarettes, prorated for packages that differ from 20 cigarettes.
- Wholesalers pay a license fee of \$50.00 and each retailer pays a license fee of \$5.00. License fees are renewable each year and are non-transferable. Revenue from these fees is shown in "All Other General Fund Revenue".

**Distribution:** All wholesaler and retailer license fees are deposited in the general fund. Beginning January 2005 and after deductions for tribal refunds, the cigarette tax revenue is distributed:

- The greater of 8.3% or \$2.0 million to DPHHS for veterans' nursing home operation and maintenance
- 2.6% to the long-range building program
- 44.0% for health and Medicaid initiatives
- The remainder (45.1%) to the general fund

#### Summary of Legislative Action:

House Bill 643 – In addition to an \$808,500 reduction in cigarette tax revenues in the 2007 biennium by prohibiting smoking in all public schools and in all places where the public is free to enter, "all other general fund" revenue is also impacted. The impacts and effects on this latter source are shown in the "all other general fund" revenue source. Bars are excluded from the provisions until September 30, 2009. The prohibition is expected to reduce cigarette consumption and the associated tax revenues by 0.75 percent annually. Provisions of the bill require that buildings owned or operated by a political subdivision be "smoke-free" by July 1, 2006. Consequently, reductions in FY 2006 are expected to be half the annual reduction and the full effects of the state revenue reduction will not occur until FY 2007. State special revenue collections are reduced \$144,348 in FY 2006 and \$278,493 in FY 2007. Capital project revenue is reduced \$7,176 in FY 2006 and \$13,845 in FY 2007. General fund revenue is reduced \$124,476 in fiscal 2006 and \$240,157 in FY 2007. The legislation is effective October 1, 2005.

| Cigarette Tax -- Legislation Passed by 59th Legislature<br>Estimated General Fund Impact for the 2007 Biennium |                    |                    |                    |
|--|--------------------|--------------------|--------------------|
| <u>Bill Number and Short Title</u>   | <u>Fiscal 2005</u> | <u>Fiscal 2006</u> | <u>Fiscal 2007</u> |
| HB0643 Eliminate smoking in enclosed public places   |                    | (124,476)          | (240,157)          |
| Total Estimated General Fund Impact  | <u>\$0</u>         | <u>(\$124,476)</u> | <u>(\$240,157)</u> |

#### Statutory Reference:

Tax Rate (MCA) – 16-11-111

# Legislative Fiscal Division

## Revenue Estimate Profile

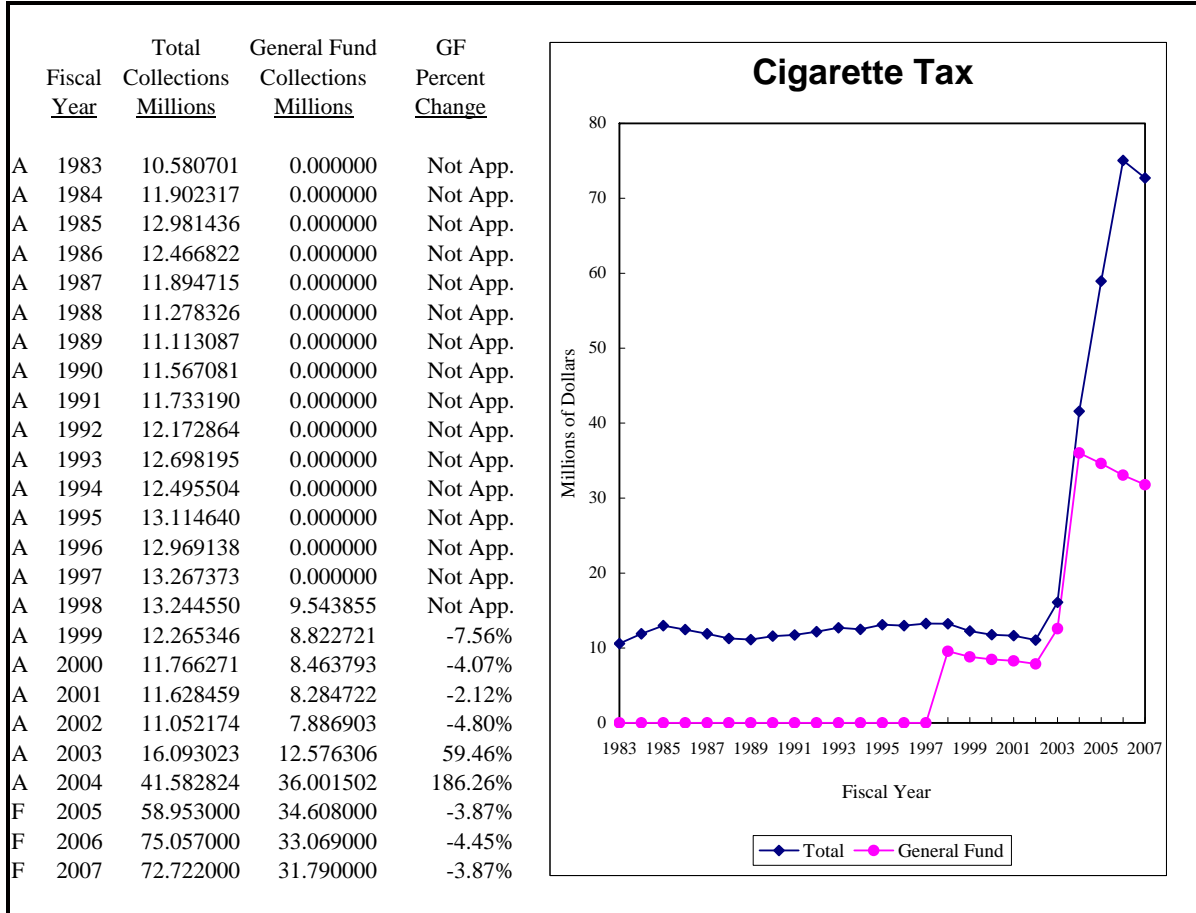
### Cigarette Tax

Tax Distribution (MCA) – 16-11-119

Date Due – within 30 days after purchase of the insignia (16-11-117)

**% of Total FY 2004 General Fund Revenue:** 2.61%

#### Revenue Projection:



#### Forecast Methodology



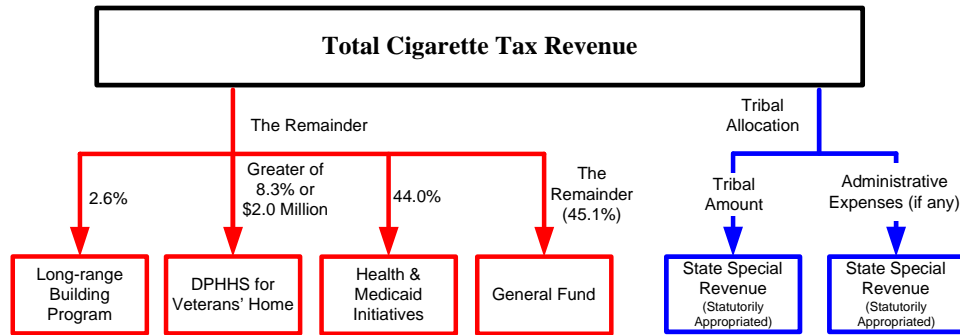
# Legislative Fiscal Division

## Revenue Estimate Profile

### Cigarette Tax

#### Distribution Methodology

Beginning January 2005



#### Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2005 legislature that may affect future estimates of this revenue source.

|          | t      | Total Tax | GF Tax    | Pack      | Tax Rate | GF Percent | Tribal   | Dis./Refunds |
|----------|--------|-----------|-----------|-----------|----------|------------|----------|--------------|
|          | Fiscal | Millions  | Millions  | Millions  | Per Pack | Allocation | Millions | Millions     |
| Actual   | 2000   | 11.766271 | 8.463793  |           | 0.180000 | 0.719327   | 0.178384 |              |
| Actual   | 2001   | 11.628459 | 8.284722  |           | 0.180000 | 0.712452   | 0.285740 |              |
| Actual   | 2002   | 11.052174 | 7.886903  |           | 0.180000 | 0.713606   | 0.254115 |              |
| Actual   | 2003   | 16.093023 | 12.576306 |           | 0.266667 | 0.781476   | 0.285856 |              |
| Actual   | 2004   | 41.582824 | 36.001502 | 60.906841 | 0.700000 | 0.865778   | 0.396269 | 1.051966     |
| Forecast | 2005   | 58.953000 | 34.608000 | 50.228131 | 1.200000 | 0.595151   | 0.803000 | 1.320396     |
| Forecast | 2006   | 75.333000 | 33.193000 | 45.239163 | 1.700000 | 0.451000   | 1.735000 | 1.573201     |
| Forecast | 2007   | 73.254000 | 32.030000 | 43.990562 | 1.700000 | 0.451000   | 2.234000 | 1.529781     |

$$\text{GF Tax} = \text{Packs} * \text{Tax Rate} - \text{Tribal} * \text{GF Percent Allocation}$$

---

# Legislative Fiscal Division

## Revenue Estimate Profile

### Diesel Tax

---

**Revenue Description:** The Montana Constitution (Article VIII, Section 6) provides that money from taxes on vehicle fuel be used solely for: 1) payment of obligations incurred for construction, reconstruction, repair, operation, and maintenance of public highways, streets, roads, and bridges; 2) payment of county, city, and town obligations on streets roads, and bridges; and 3) enforcement of highway safety, driver education, tourist promotion, and administrative collection costs. Appropriation of the money for any other use requires a three-fifth vote of each house of the legislature.

There are two sources of revenue associated with the taxation of special fuels (primarily diesel): 1) the main source of revenue is a diesel tax of \$0.2775 per gallon paid to the Department of Transportation (DOT) for every gallon of diesel sold or used in the state; and 2) a tax of \$0.0075 is assessed on each gallon of diesel fuel for the purpose of funding petroleum storage tank cleanup.

Distributors are allowed to withhold 1.0 percent of the diesel tax as an allowance for collecting the tax. In order to prevent the possibility of dual taxation of motor fuels purchased by Montana citizens and businesses on Indian reservations, DOT and Indian tribes may enter into a cooperative agreement. Refunds of the tax paid is provided for commercial vehicle use other than for use on public highways and streets, governmental use, and nonpublic school use for the transportation of pupils.

#### Applicable Tax Rate(s):

1. Diesel (Special) Fuel Tax - \$0.2775 per gallon
2. Petroleum Storage Tank Cleanup Tax - \$0.0075

**Distribution:** After reductions for: 1) the 1.0 percent withheld by distributors; 2) administrative expenses and refund amounts deducted by DOT under a tribal agreement that are deposited in the tribal motor fuels administration account; 3) diesel tax refunds; and 4) amounts refunded through the international fuel tax agreement, diesel tax proceeds are distributed to DOT. Of that amount, 1/4 of \$0.01 per gallon is allocated specifically to the funding of highway system maintenance.

**Summary of Legislative Action:** The 59<sup>th</sup> Legislature did not enact legislation that impacted this revenue source.

#### Statutory Reference:

Tax Rate (MCA) – 15-70-321(2), 15-11-313 (storage tank cleanup)

Tax Distribution (MCA) – 15-70-101(1), 75-11-314 (storage tank cleanup)

Date Due – 25<sup>th</sup> of the following month (15-70-344(1))

**% of Total FY 2004 General Fund Revenue:** N/A

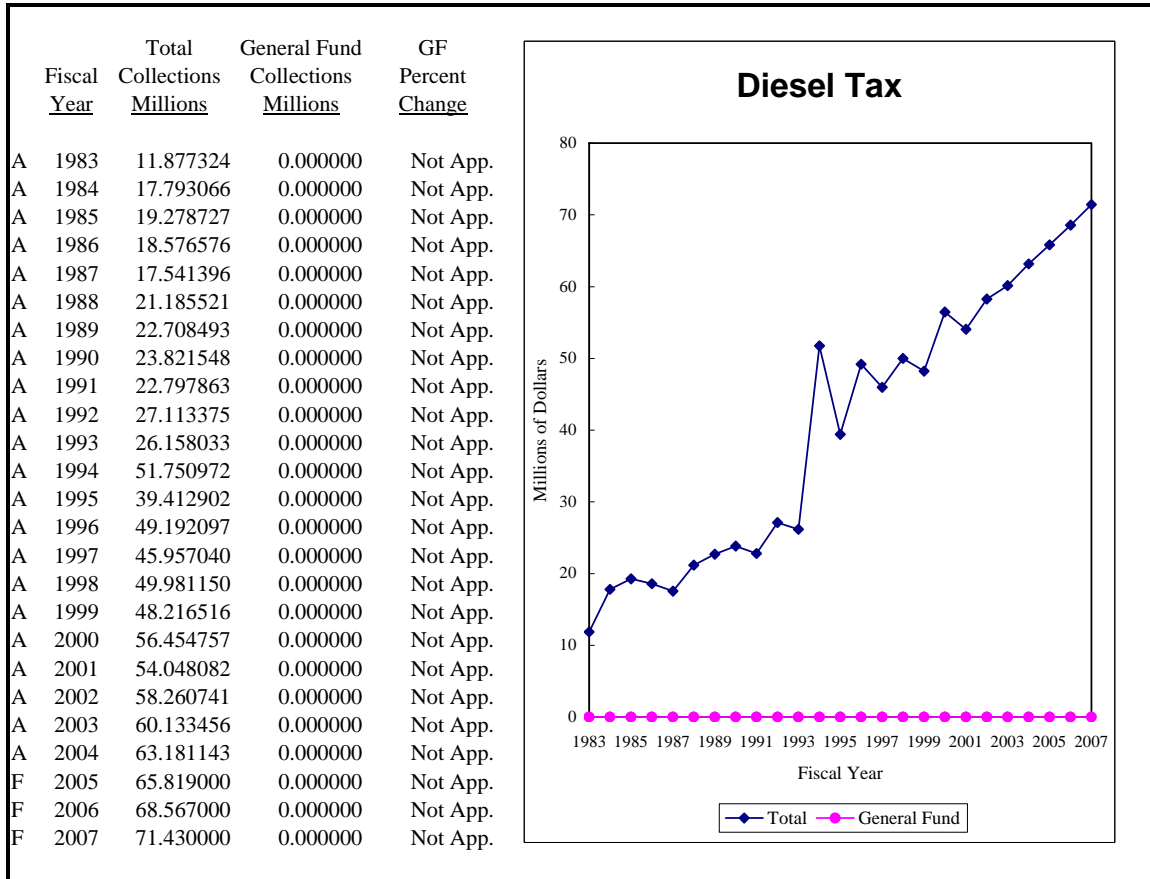


# Legislative Fiscal Division

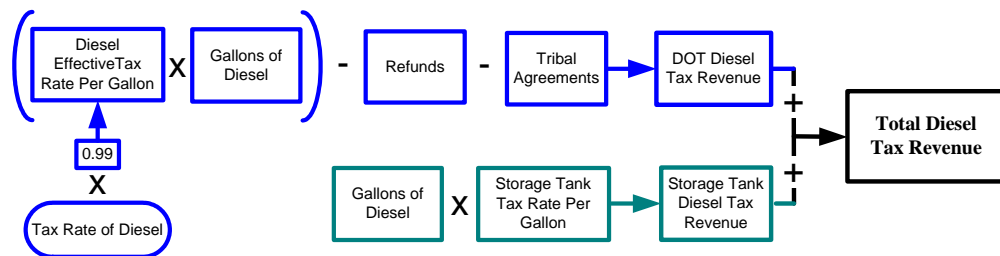
## Revenue Estimate Profile

### Diesel Tax

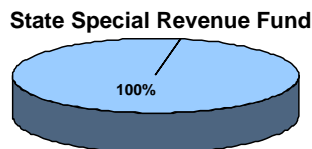
#### Revenue Projection:



#### Forecast Methodology



#### Distribution Methodology



# Legislative Fiscal Division

## Revenue Estimate Profile

### Diesel Tax

#### Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2005 legislature that may affect future estimates of this revenue source.

|          | <u>t</u>      | <u>Total Tax</u> | <u>GF Tax</u>   | <u>Gross</u>    | <u>Diesel Tax</u> | <u>Tank Tax</u> |
|----------|---------------|------------------|-----------------|-----------------|-------------------|-----------------|
|          | <u>Fiscal</u> | <u>Millions</u>  | <u>Millions</u> | <u>Millions</u> | <u>Millions</u>   | <u>Millions</u> |
| Actual   | 2000          | 56.454757        | 0.000000        | 59.780702       | 54.259213         | 2.195544        |
| Actual   | 2001          | 54.048082        | 0.000000        | 57.941310       | 51.861214         | 2.186868        |
| Actual   | 2002          | 58.260741        | 0.000000        | 62.220598       | 56.094333         | 2.166408        |
| Actual   | 2003          | 60.133456        | 0.000000        | 64.332478       | 57.901809         | 2.231647        |
| Actual   | 2004          | 63.181143        | 0.000000        | 67.600256       | 60.750470         | 2.430673        |
| Forecast | 2005          | 65.819000        | 0.000000        | 70.422431       | 63.286680         | 2.532149        |
| Forecast | 2006          | 68.567000        | 0.000000        | 73.362427       | 65.928772         | 2.637861        |
| Forecast | 2007          | 71.430000        | 0.000000        | 76.425162       | 68.681168         | 2.747986        |

|          | <u>t</u>      | <u>Refunds</u>  | <u>Diesel</u>    | <u>Tank</u>      | <u>Gallons</u>  | <u>Tank</u>     |
|----------|---------------|-----------------|------------------|------------------|-----------------|-----------------|
|          | <u>Fiscal</u> | <u>Millions</u> | <u>Effective</u> | <u>Effective</u> | <u>Millions</u> | <u>Gallons</u>  |
|          |               |                 | <u>Rate</u>      | <u>Rate</u>      |                 | <u>Millions</u> |
| Actual   | 2000          | -3.325945       | 0.274725         | 0.007500         | 209.610185      | 292.739200      |
| Actual   | 2001          | -3.893228       | 0.274725         | 0.007500         | 202.946372      | 291.582400      |
| Actual   | 2002          | -3.959857       | 0.274725         | 0.007500         | 218.597470      | 288.854400      |
| Actual   | 2003          | -4.199022       | 0.274725         | 0.007500         | 226.047251      | 297.552933      |
| Actual   | 2004          | -4.419113       | 0.274725         | 0.007500         | 237.217519      | 324.089733      |
| Forecast | 2005          | -4.603602       | 0.274725         | 0.007500         | 247.120876      | 337.619831      |
| Forecast | 2006          | -4.795794       | 0.274725         | 0.007500         | 257.437678      | 351.714784      |
| Forecast | 2007          | -4.996008       | 0.274725         | 0.007500         | 268.185186      | 366.398173      |

|          | <u>t</u>      | <u>GF</u>      | <u>DOT</u>     | <u>GF</u>       | <u>DOT</u>      |
|----------|---------------|----------------|----------------|-----------------|-----------------|
|          | <u>Fiscal</u> | <u>Percent</u> | <u>Percent</u> | <u>Millions</u> | <u>Millions</u> |
| Actual   | 2000          | 0.0000%        | 100.0000%      | 0.000000        | 54.259213       |
| Actual   | 2001          | 0.0000%        | 100.0000%      | 0.000000        | 51.861214       |
| Actual   | 2002          | 0.0000%        | 100.0000%      | 0.000000        | 56.094333       |
| Actual   | 2003          | 0.0000%        | 100.0000%      | 0.000000        | 57.901809       |
| Actual   | 2004          | 0.0000%        | 100.0000%      | 0.000000        | 60.750470       |
| Forecast | 2005          | 0.0000%        | 100.0000%      | 0.000000        | 63.287000       |
| Forecast | 2006          | 0.0000%        | 100.0000%      | 0.000000        | 65.929000       |
| Forecast | 2007          | 0.0000%        | 100.0000%      | 0.000000        | 68.682000       |

---

# Legislative Fiscal Division

## Revenue Estimate Profile

### Gasoline Tax

---

**Revenue Description:** The constitution of the state (Article VIII, Section 6) provides that money from taxes on vehicle fuel be used solely for: 1) payment of obligations incurred for construction, reconstruction, repair, operation, and maintenance of public highways, streets, roads, and bridges; 2) payment of county, city, and town obligations on streets roads, and bridges; and 3) enforcement of highway safety, driver education, tourist promotion, and administrative collection costs. Appropriation of the money for any other use requires a three-fifth vote of each house of the legislature.

There are two sources of revenue associated with the taxation of gasoline: 1) the primary source of revenue is a gasoline license tax of \$0.27 per gallon paid to the Department of Transportation (DOT) by every distributor for the privilege of selling gasoline; and 2) a tax of \$.0075 assessed on each gallon of gasoline for the purpose of funding petroleum storage tank cleanup.

Distributors are allowed to withhold 1.0 percent of the gasoline tax as an allowance for collecting the tax. In order to prevent the possibility of dual taxation of motor fuels purchased by Montana citizens and businesses on Indian reservations, DOT and Indian tribes may enter into a cooperative agreement. Refunds of the tax paid is provided for denaturing alcohol used in gasohol, stationary gasoline engines used off public highways and streets, and commercial vehicle use other than for use on public highways and streets.

#### Applicable Tax Rate(s):

1. Gasoline License Tax - \$0.27 per gallon
2. Petroleum Storage Tank Cleanup Tax - \$.0075

**Distribution:** After reductions for: 1) the 1.0 percent withheld by distributors; 2) administrative expenses and refund amounts deducted by DOT under a tribal agreement that are deposited in the tribal motor fuels administration account; 3) gasoline tax refunds; and 4) amounts refunded through the international fuel tax agreement, the remainder of the gasoline tax is allocated as follows:

- 9/10 of 1.0% to the state park account
- 15/28 of 1.0% to a snowmobile account in the state special revenue fund. This amount is further allocated 86.0% for general use, 4.33% for enforcement, 8.67% for safety and education, and 1.0% to the noxious weed trust.
- 1/8 of 1.0% to an off-highway vehicle account in the state special revenue fund. This amount is further allocated 90% for general use (including repair of damaged areas) and 10% for safety.
- 1/25 of 1.0% to the aeronautics revenue fund of the Department of Transportation
- 98.3993% to DOT to be used for highway-related purposes, primarily construction projects and administrative costs. One-fourth of \$.01 per gallon is allocated specifically to the funding of highway system maintenance.

**Summary of Legislative Action:** The 59<sup>th</sup> Legislature did not enact legislation that impacted this revenue source.

#### Statutory Reference:

Tax Rate (MCA) – 15-70-204(1), 15-11-314 (storage tank cleanup)

Distribution (MCA) – 15-70-101(1), 60-3-201(1), 75-11-313 (storage tank cleanup)

Date Due – 25<sup>th</sup> of the following month (15-70-205(1))

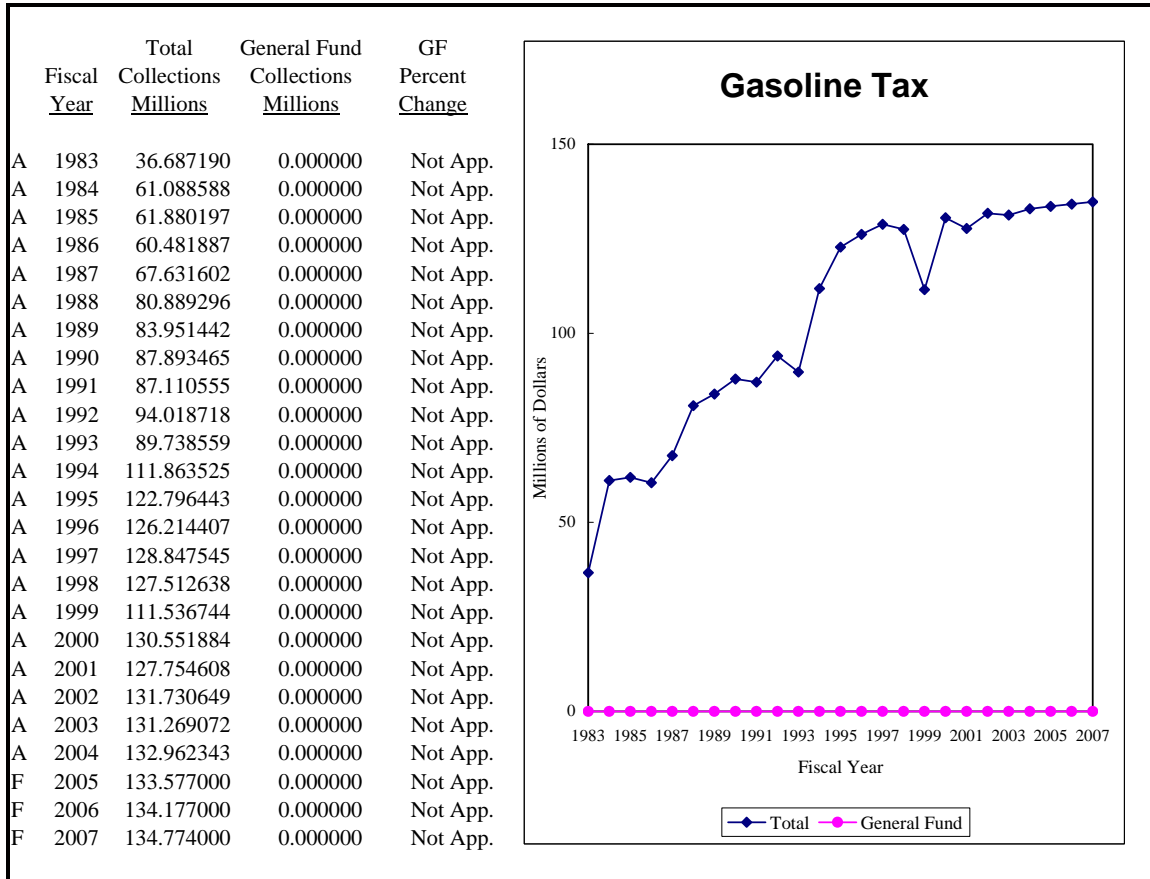
**% of Total FY 2004 General Fund Revenue:** N/A

# Legislative Fiscal Division

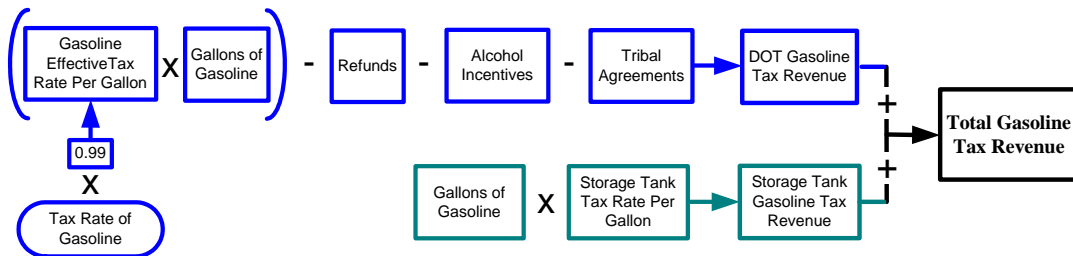
## Revenue Estimate Profile

### Gasoline Tax

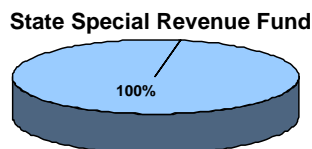
#### Revenue Projection:



#### Forecast Methodology



#### Distribution Methodology



---

# Legislative Fiscal Division

## Revenue Estimate Profile

### Gasoline Tax

---

#### Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2005 legislature that may affect future estimates of this revenue source.

|          | <u>t</u>      | <u>Total Tax</u> | <u>GF Tax</u>   | <u>Gross Tax</u> | <u>Gas Tax</u>  | <u>Tank Tax</u> |
|----------|---------------|------------------|-----------------|------------------|-----------------|-----------------|
|          | <u>Fiscal</u> | <u>Millions</u>  | <u>Millions</u> | <u>Millions</u>  | <u>Millions</u> | <u>Millions</u> |
| Actual   | 2000          | 130.551884       | 0.000000        | 137.379589       | 126.764307      | 3.787577        |
| Actual   | 2001          | 127.754608       | 0.000000        | 134.969262       | 124.059136      | 3.695472        |
| Actual   | 2002          | 131.730649       | 0.000000        | 138.612875       | 128.001188      | 3.729461        |
| Actual   | 2003          | 131.269072       | 0.000000        | 137.967329       | 127.490014      | 3.779058        |
| Actual   | 2004          | 132.962343       | 0.000000        | 139.553197       | 129.154089      | 3.808254        |
| Forecast | 2005          | 133.577000       | 0.000000        | 140.158997       | 129.752186      | 3.824786        |
| Forecast | 2006          | 134.177000       | 0.000000        | 140.767427       | 130.335774      | 3.841389        |
| Forecast | 2007          | 134.774000       | 0.000000        | 141.378499       | 130.916157      | 3.858064        |

|          | <u>t</u>      | <u>Refunds</u>  | <u>Alcohol</u>    | <u>Tribal</u>   | <u>Gas</u>       | <u>Tank</u>      | <u>Gallons</u>  | <u>Tank</u>     |
|----------|---------------|-----------------|-------------------|-----------------|------------------|------------------|-----------------|-----------------|
|          | <u>Fiscal</u> | <u>Millions</u> | <u>Incentives</u> | <u>Millions</u> | <u>Effective</u> | <u>Effective</u> | <u>Millions</u> | <u>Gallons</u>  |
|          |               |                 | <u>Millions</u>   | <u>Millions</u> | <u>Rate</u>      | <u>Rate</u>      |                 | <u>Millions</u> |
| Actual   | 2000          | -3.267807       | 0.000000          | -3.559898       | 0.267300         | 0.007500         | 499.783060      | 505.01027       |
| Actual   | 2001          | -3.458208       | 0.000000          | -3.756446       | 0.267300         | 0.007500         | 491.110325      | 492.72960       |
| Actual   | 2002          | -3.152765       | 0.000000          | -3.729461       | 0.267300         | 0.007500         | 504.614343      | 497.26147       |
| Actual   | 2003          | -2.985118       | 0.000000          | -3.713139       | 0.267300         | 0.007500         | 502.013734      | 503.87440       |
| Actual   | 2004          | -2.829688       | 0.000000          | -3.761166       | 0.267300         | 0.007500         | 507.837422      | 507.76720       |
| Forecast | 2005          | -2.841972       | 0.000000          | -3.740053       | 0.267300         | 0.007500         | 510.041944      | 509.97142       |
| Forecast | 2006          | -2.854309       | 0.000000          | -3.735955       | 0.267300         | 0.007500         | 512.256036      | 512.18520       |
| Forecast | 2007          | -2.866700       | 0.000000          | -3.737578       | 0.267300         | 0.007500         | 514.479739      | 514.40860       |

|          | <u>t</u>      | <u>GF</u>      | <u>DOT</u>     | <u>FWP Snow</u> | <u>FWP Boat</u> | <u>Aeronautics</u> | <u>Off Highway</u> |
|----------|---------------|----------------|----------------|-----------------|-----------------|--------------------|--------------------|
|          | <u>Fiscal</u> | <u>Percent</u> | <u>Percent</u> | <u>Percent</u>  | <u>Percent</u>  | <u>Percent</u>     | <u>Percent</u>     |
| Actual   | 2000          | 0.0000%        | 98.3551%       | 0.4729%         | 0.9253%         | 0.0411%            | 0.0000%            |
| Actual   | 2001          | 0.0000%        | 98.3544%       | 0.4698%         | 0.9272%         | 0.0418%            | 0.0000%            |
| Actual   | 2002          | 0.0000%        | 98.3640%       | 0.4711%         | 0.9227%         | 0.0411%            | 0.0000%            |
| Actual   | 2003          | 0.0000%        | 98.3533%       | 0.4734%         | 0.9262%         | 0.0412%            | 0.0000%            |
| Actual   | 2004          | 0.0000%        | 98.3535%       | 0.4734%         | 0.9262%         | 0.0412%            | 0.0000%            |
| Forecast | 2005          | 0.0000%        | 98.3993%       | 0.4607%         | 0.9000%         | 0.0400%            | 0.0000%            |
| Forecast | 2006          | 0.0000%        | 98.3993%       | 0.4607%         | 0.9000%         | 0.0400%            | 0.0000%            |
| Forecast | 2007          | 0.0000%        | 98.3993%       | 0.4607%         | 0.9000%         | 0.0400%            | 0.0000%            |

---

# Legislative Fiscal Division

## Revenue Estimate Profile

### Gasoline Tax

---

|          | t             | DOT            | FWP Snow       | FWP Boat       | Aeronautics    |
|----------|---------------|----------------|----------------|----------------|----------------|
|          | <u>Fiscal</u> | <u>Percent</u> | <u>Percent</u> | <u>Percent</u> | <u>Percent</u> |
| Actual   | 2000          | 0.01030%       | 0.02060%       | 0.05140%       | 0.01030%       |
| Actual   | 2001          | 0.01030%       | 0.02050%       | 0.05140%       | 0.01030%       |
| Actual   | 2002          | 0.01030%       | 0.01950%       | 0.04920%       | 0.01030%       |
| Actual   | 2003          | 0.01030%       | 0.02060%       | 0.05150%       | 0.01030%       |
| Actual   | 2004          | 0.01030%       | 0.02060%       | 0.05140%       | 0.01030%       |
| Forecast | 2005          | 0.00540%       | 0.02320%       | 0.04640%       | 0.01250%       |
| Forecast | 2006          | 0.00540%       | 0.02320%       | 0.04640%       | 0.01250%       |
| Forecast | 2007          | 0.00540%       | 0.02320%       | 0.04640%       | 0.01250%       |

|          | t             | GF              | DOT             | FWP Snow        | FWP Boat        | Aeronautics     | Off Highway     |
|----------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|          | <u>Fiscal</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> |
| Actual   | 2000          | 0.000000        | 124.679120      | 0.599491        | 1.172918        | 0.052130        | 0.143357        |
| Actual   | 2001          | 0.000000        | 122.017676      | 0.582819        | 1.150251        | 0.051863        | 0.141735        |
| Actual   | 2002          | 0.000000        | 125.907096      | 0.603018        | 1.181094        | 0.052552        | 0.143185        |
| Actual   | 2003          | 0.000000        | 125.390592      | 0.603563        | 1.180857        | 0.052481        | 0.144352        |
| Actual   | 2004          | 0.000000        | 127.027523      | 0.611397        | 1.196224        | 0.053166        | 0.146194        |
| Forecast | 2005          | 0.000000        | 127.616000      | 0.615000        | 1.201000        | 0.053000        | 0.150000        |
| Forecast | 2006          | 0.000000        | 128.189000      | 0.618000        | 1.207000        | 0.054000        | 0.151000        |
| Forecast | 2007          | 0.000000        | 128.762000      | 0.620000        | 1.212000        | 0.054000        | 0.151000        |

|          | t             | Weed                               | Snow Enforce.                      | Snow Con-Ed.                       | OHV Con-Ed.                        |
|----------|---------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
|          | <u>Fiscal</u> | <u>Gasoline</u><br><u>Millions</u> | <u>Gasoline</u><br><u>Millions</u> | <u>Gasoline</u><br><u>Millions</u> | <u>Gasoline</u><br><u>Millions</u> |
| Actual   | 2000          | 0.013032                           | 0.026065                           | 0.065162                           | 0.013032                           |
| Actual   | 2001          | 0.012782                           | 0.025441                           | 0.063787                           | 0.012782                           |
| Actual   | 2002          | 0.013138                           | 0.024943                           | 0.063024                           | 0.013138                           |
| Actual   | 2003          | 0.013120                           | 0.026270                           | 0.065659                           | 0.013120                           |
| Actual   | 2004          | 0.013299                           | 0.026570                           | 0.066424                           | 0.013292                           |
| Forecast | 2005          | 0.007000                           | 0.031000                           | 0.062000                           | 0.017000                           |
| Forecast | 2006          | 0.007000                           | 0.031000                           | 0.062000                           | 0.017000                           |
| Forecast | 2007          | 0.007000                           | 0.031000                           | 0.062000                           | 0.017000                           |

# Legislative Fiscal Division

## Revenue Estimate Profile

### GVW and Other Fees

**Revenue Description:** There are two types of revenue derived from over 20 different sources classified under gross vehicle weight (GVW) and other income: fee revenue and permit revenue. The majority of revenue is derived from a variety of GVW fees, including those fees collected by counties when vehicles are registered. Miscellaneous permits comprise the second income component under this source.

**Applicable Tax Rate(s):** Various

**Distribution:** The majority of GVW revenue is allocated to the Department of Transportation. The single state registration system fee is deposited to the general fund and is accounted for in the "All Other General Fund Revenue" profile.

**Summary of Legislative Action:** The 59<sup>th</sup> Legislature did not enact legislation that impacted this general fund revenue source.

#### Statutory Reference:

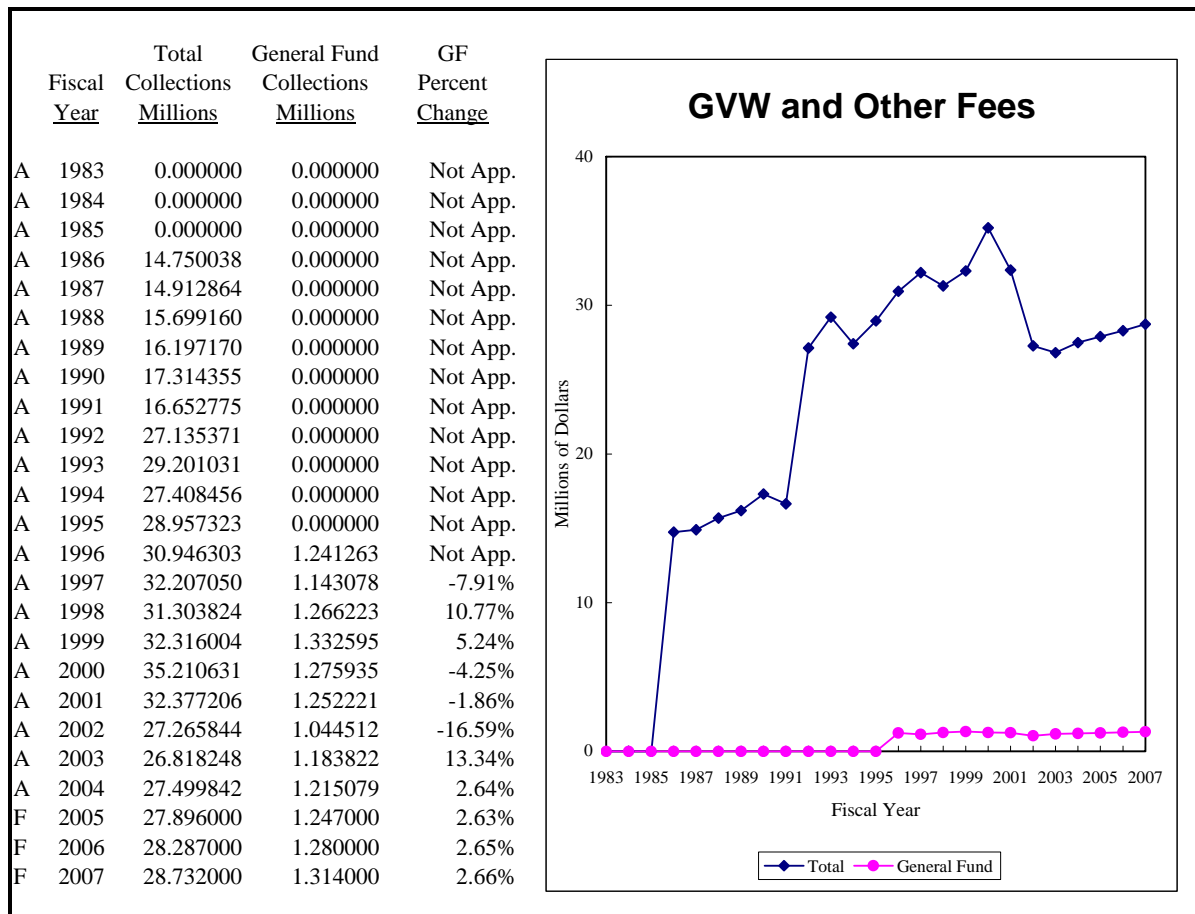
Tax Rate – Multiple, single state registration fee (Administrative Rules 18.8.202)

Tax Distribution (MCA) – Multiple, single state registration fee (61-3-708)

Date Due – upon registration and annually thereafter or prior to the new year if permit is wanted by then (61-3-708)

**% of Total FY 2004 General Fund Revenue:** 0.00% (the general portion is included in "All Other General Fund")

#### Revenue Projection:

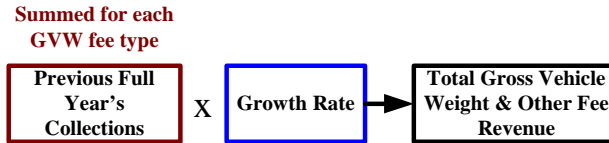


# Legislative Fiscal Division

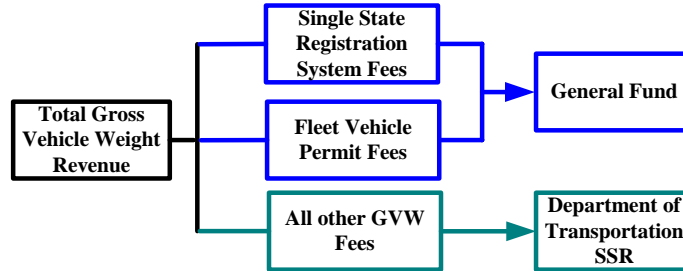
## Revenue Estimate Profile

### GVW and Other Fees

#### Forecast Methodology



#### Distribution Methodology



#### Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2005 legislature that may affect future estimates of this revenue source.

|          | t             | Total Tax       | GF Tax          | GVW             | SSRS            | Form 3          | Trip            | County          |
|----------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|          | <u>Fiscal</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> |
| Actual   | 2000          | 35.210631       | 1.275935        | 8.852775        | 1.275935        | 0.855910        | 0.880540        | 7.321056        |
| Actual   | 2001          | 32.377206       | 1.252221        | 8.363842        | 1.252221        | 0.812782        | 0.844991        | 7.681434        |
| Actual   | 2002          | 27.265844       | 1.044512        | 8.813717        | 1.044512        | 0.859843        | 0.440875        | 8.933475        |
| Actual   | 2003          | 26.818248       | 1.183822        | 8.503261        | 1.183822        | 1.043854        | 0.441475        | 8.800388        |
| Actual   | 2004          | 27.499842       | 1.215079        | 8.586289        | 1.215080        | 1.006892        | 0.455112        | 9.397954        |
| Forecast | 2005          | 27.896000       | 1.247000        | 8.708122        | 1.247163        | 1.025373        | 0.455112        | 9.531304        |
| Forecast | 2006          | 28.287000       | 1.280000        | 8.831683        | 1.280093        | 1.016133        | 0.455112        | 9.666546        |
| Forecast | 2007          | 28.732000       | 1.314000        | 8.956998        | 1.313892        | 1.020753        | 0.455112        | 9.803707        |

|          | t             | Sales           | Overweight      | Special         | Restricted      | Fuel            | LPG             | Other           |
|----------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|          | <u>Fiscal</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> |
| Actual   | 2000          | 12.533721       | 1.459102        | 0.918654        | 0.000000        | 0.105370        | 0.000000        | 1.007568        |
| Actual   | 2001          | 9.923131        | 1.768619        | 0.953853        | 0.000000        | 0.124626        | 0.000000        | 0.651707        |
| Actual   | 2002          | -0.639815       | 1.845340        | 0.902845        | 0.000000        | 0.107580        | 0.000000        | 4.957472        |
| Actual   | 2003          | 0.000000        | 1.815747        | 0.921775        | 0.000000        | 0.105750        | 0.000000        | 4.002176        |
| Actual   | 2004          | 0.000000        | 1.902635        | 0.977915        | 0.000000        | 0.108120        | 0.000000        | 3.849845        |
| Forecast | 2005          | 0.000000        | 1.975324        | 0.994231        | 0.000000        | 0.109747        | 0.000000        | 3.849845        |
| Forecast | 2006          | 0.000000        | 2.064098        | 1.013017        | 0.000000        | 0.110263        | 0.000000        | 3.849845        |
| Forecast | 2007          | 0.000000        | 2.193544        | 1.028190        | 0.000000        | 0.110208        | 0.000000        | 3.849845        |



---

# Legislative Fiscal Division

## Revenue Estimate Profile

### Liquor Excise and License Tax

---

**Revenue Description:** The Department of Revenue (DOR) is authorized to sell liquor to retail liquor establishments throughout the state. These sales result in profits and taxes that are deposited in various state accounts. An excise tax is collected both on liquor sold by DOR and for liquor purchased outside the state, by airlines and railroads (carriers), for consumption within the state. The department also collects a license tax on the sale of liquor. A portion of the excise tax revenue is returned to Indian tribes through an agreement with the department.

#### Applicable Tax Rate(s):

##### Excise Tax Rate

- 16.0% of the retail selling price on all liquor sold and delivered in the state by a company that manufactured, distilled, rectified, bottled, or processed, and sold more than 200,000 proof gallons of liquor nationwide in the calendar year preceding imposition of the tax
- 13.8% of the retail selling price on all liquor sold and delivered in the state by a company that manufactured, distilled, rectified, bottled, or processed, and sold not more than 200,000 proof gallons of liquor nationwide in the calendar year preceding imposition of the tax

The amount of excise taxes paid by carriers includes additional factors related to departures and passenger miles.

##### License Tax Rate

- 10.0% of the retail selling price on all liquor sold and delivered in the state by a company that manufactured, distilled, rectified, bottled, or processed and that sold more than 200,000 proof gallons of liquor nationwide in the calendar year preceding imposition of the tax
- 8.6% of the retail selling price on all liquor sold and delivered in the state by a company that manufactured, distilled, rectified, bottled, or processed and that sold not more than 200,000 proof gallons of liquor nationwide in the calendar year preceding imposition of the tax

The license tax must be charged and collected on all liquor brought into the state and taxed by DOR. The retail selling price must be computed by adding to the cost of the liquor the state markup as designated by the department. The license tax must be figured in the same manner as the state excise tax and is in addition to the state excise tax.

#### Distribution:

Excise tax revenue, less amounts distributed to Indian tribes, is deposited in the enterprise fund for transfer to the general fund.

License tax revenue is allocated to the enterprise fund for transfer 34.5 % to the general fund and 65.5% to the Department of Public Health and Human Services for alcohol treatment and rehabilitation programs.

**Summary of Legislative Action:** The 59<sup>th</sup> Legislature did not enact legislation that impacted this general fund revenue source.

#### Statutory Reference:

Tax Rate (MCA) – Excise tax (16-1-401), License tax (16-1-404)

Tax Distribution (MCA) – Excise tax (16-16-1-401), License tax (16-1-404)

Date Due – Excise tax is collected at the time of sale and distributed by the 10<sup>th</sup> day of each month. License tax is collected at the time of sale.

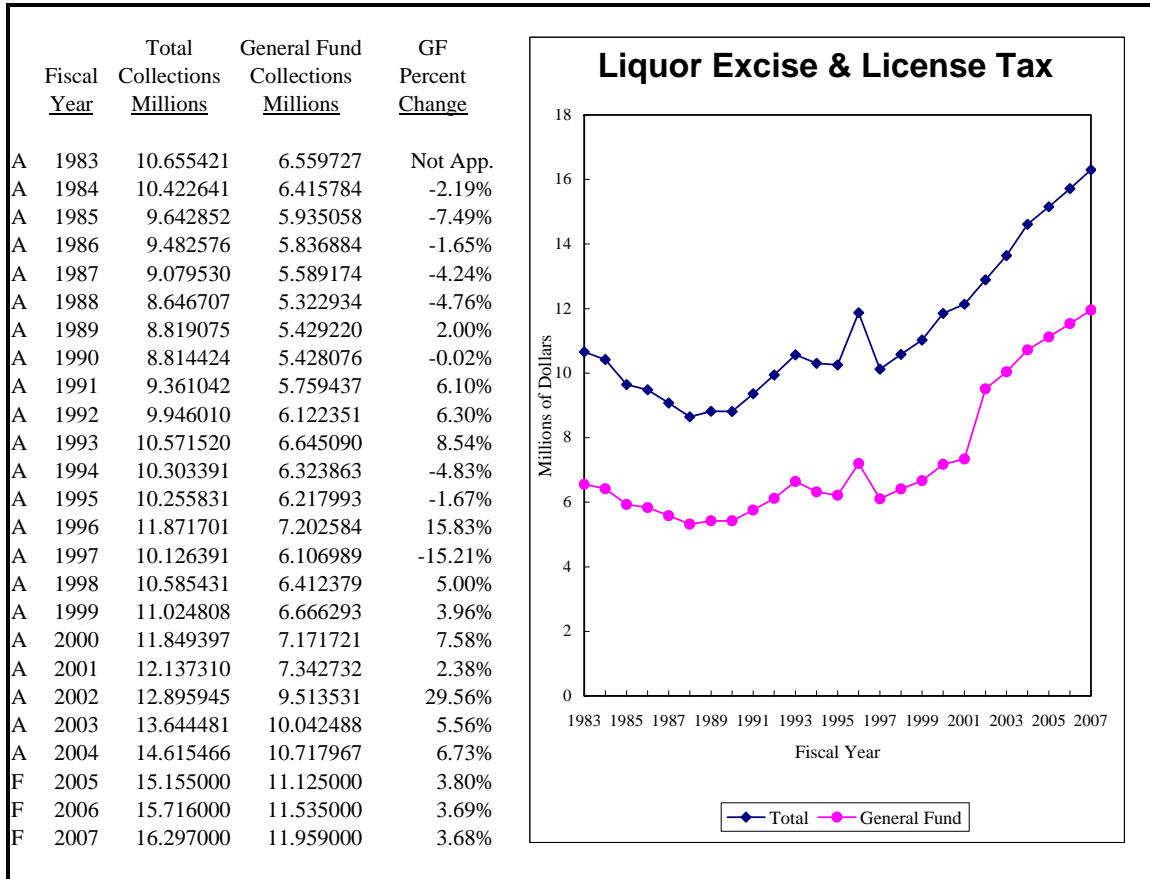
**% of Total FY 2004 General Fund Revenue:** 0.78%

# Legislative Fiscal Division

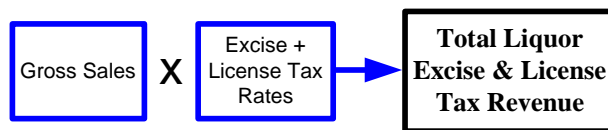
## Revenue Estimate Profile

### Liquor Excise and License Tax

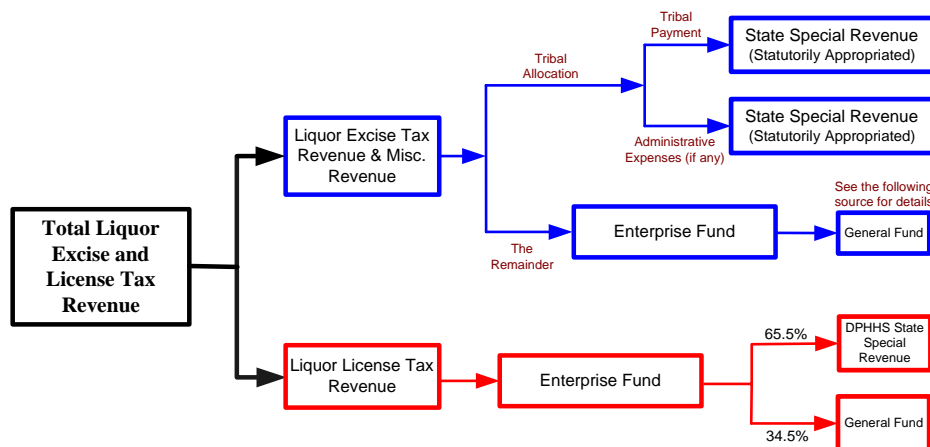
#### Revenue Projection:



#### Forecast Methodology



#### Distribution Methodology



---

# Legislative Fiscal Division

## Revenue Estimate Profile

### Liquor Excise and License Tax

---

#### Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2005 legislature that may affect future estimates of this revenue source.

|          | <u>t</u><br><u>Fiscal</u> | <u>Total Tax</u><br><u>Millions</u> | <u>GF Tax</u><br><u>Millions</u> | <u>Tribal</u><br><u>Millions</u> | <u>Gross</u><br><u>Sales</u> | <u>Excise</u><br><u>Rate</u> | <u>License</u><br><u>Rate</u> | <u>GF Tax</u><br><u>Allocation</u> |
|----------|---------------------------|-------------------------------------|----------------------------------|----------------------------------|------------------------------|------------------------------|-------------------------------|------------------------------------|
| Actual   | 2000                      | 11.849397                           | 7.171721                         | 0.118276                         | 45.609283                    | 0.160000                     | 0.100000                      |                                    |
| Actual   | 2001                      | 12.137310                           | 7.342732                         | 0.126171                         | 46.701813                    | 0.160000                     | 0.100000                      |                                    |
| Actual   | 2002                      | 12.895945                           | 9.513531                         | 0.133456                         | 49.615021                    | 0.160000                     | 0.100000                      | 0.344908                           |
| Actual   | 2003                      | 13.644481                           | 10.042488                        | 0.165323                         | 52.479352                    | 0.160000                     | 0.100000                      | 0.345000                           |
| Actual   | 2004                      | 14.615466                           | 10.717967                        | 0.216395                         | 56.212333                    | 0.160000                     | 0.100000                      | 0.345000                           |
| Forecast | 2005                      | 15.155000                           | 11.125000                        | 0.212000                         | 58.288629                    | 0.160000                     | 0.100000                      | 0.345000                           |
| Forecast | 2006                      | 15.716000                           | 11.535000                        | 0.222000                         | 60.445308                    | 0.160000                     | 0.100000                      | 0.345000                           |
| Forecast | 2007                      | 16.297000                           | 11.959000                        | 0.232000                         | 62.681785                    | 0.160000                     | 0.100000                      | 0.345000                           |

$$\text{GF Tax} = \text{Gross Sales} * \text{Excise Rate} - \text{Tribal} + \text{Gross Sales} * \text{License Rate} * \text{GF Tax Allocation}$$

---

# Legislative Fiscal Division

## Revenue Estimate Profile

### Liquor Profits

---

**Revenue Description:** The Department of Revenue (DOR) is authorized to sell liquor and fortified wine to retail liquor establishments throughout the state. These sales result in profits that are deposited in the general fund. Tax revenues generated from liquor excise and license taxes, as well as wine taxes, are estimated under separate methodologies.

Liquor profits received by the state are primarily generated by a mark-up on the sale of liquor and fortified wine, less costs such as commissions and discounts. House Bill 348 enacted by the 2001 legislature phased-in liquor store commission increases based on sales volume over a three-year period beginning fiscal 2003. A 40.0 percent mark-up is added to the state's base cost for liquor. The state's mark-up percentage on the base cost of fortified wine (excluding hard cider) varies according to the size of the container:

- 1.5 liter – 42% plus \$0.27/bottle
- 1.0, .720 and .750 liter – 51% plus \$0.12/bottle
- .375 liter – 59% plus \$0.02/bottle

The mark-up percentage for both liquor and wine is determined by administrative rule (see ARM 42.11.104).

**Applicable Tax Rate(s):** N/A

**Distribution:** Liquor profits are usually deposited in the general fund annually.

#### Summary of Legislative Action:

House Bill 2 – The amount of money appropriated from certain accounts inversely impacts the amount of general fund revenue from various sources. Although these revenue amounts are estimated prior to the session based on present law appropriations requested in the Executive Budget and finalized in HJ 2, final appropriations set by the legislature, such as those in HB 2, may differ and, thus, may affect revenue. Increases in appropriations to the Department of Revenue from the liquor enterprise fund reduce liquor profits transferred to the general fund by \$23,199 each year.

House Bill 447 – Money to pay for salary and benefit increases for state employees is appropriated in the legislation. The amount of money appropriated from certain accounts inversely impacts the amount of general fund revenue from various sources. Although these revenue amounts are estimated prior to the session based on present law appropriations requested in the Executive Budget and finalized in HJ 2, final appropriations set by the legislature, such as those in HB 447, may differ and, thus, may affect revenue. Increases in appropriations to the Department of Revenue from the liquor enterprise fund reduce liquor profits transferred to the general fund by \$44,938 in FY 2006 and \$118,008 in FY 2007.

| Liquor Profits -- Legislation Passed by 59th Legislature<br>Estimated General Fund Impact for the 2007 Biennium |                    |                    |                    |
|---|--------------------|--------------------|--------------------|
| <u>Bill Number and Short Title</u>  | <u>Fiscal 2005</u> | <u>Fiscal 2006</u> | <u>Fiscal 2007</u> |
| HB0002 General appropriations act   |                    | (23,199)           | (23,199)           |
| HB0447 Increase state employee pay  |                    | (44,938)           | (118,008)          |
| Total Estimated General Fund Impact   | <u>\$0</u>         | <u>(\$68,137)</u>  | <u>(\$141,207)</u> |

#### Statutory Reference:

Tax Rate – Authority to markup the price is found in 16-1-404(2) and ARM 42.11.104  
Tax Distribution (MCA) – 16-2-108(4)  
Date Due - NA

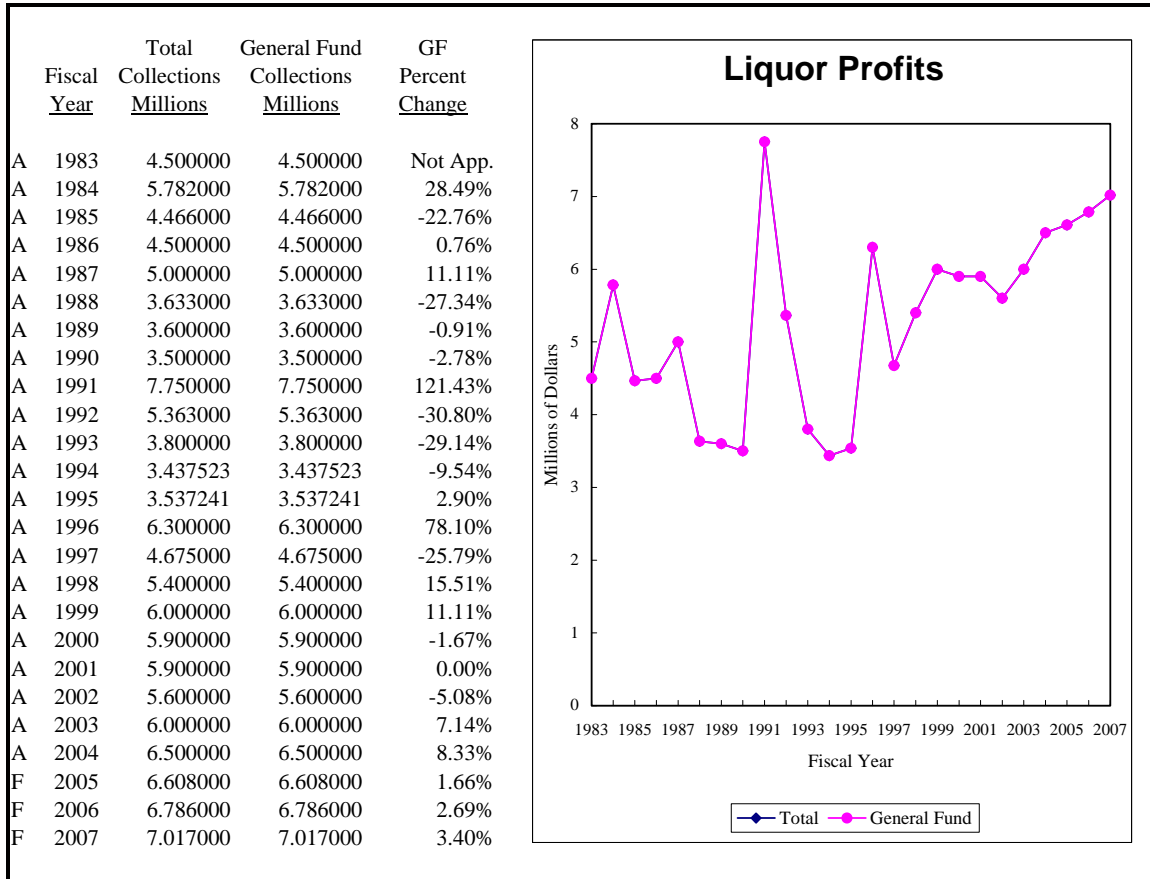
**% of Total FY 2004 General Fund Revenue:** 0.47%

# Legislative Fiscal Division

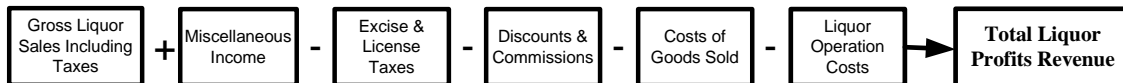
## Revenue Estimate Profile

### Liquor Profits

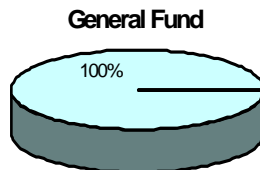
#### Revenue Projection:



#### Forecast Methodology



#### Distribution Methodology



---

# Legislative Fiscal Division

## Revenue Estimate Profile

### Liquor Profits

---

#### Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2005 legislature that may affect future estimates of this revenue source.

|          | <u>t</u><br><u>Fiscal</u> | <u>GF Profit</u><br><u>Millions</u> | <u>Gross</u><br><u>Sales</u> | <u>Excise/Lic</u><br><u>Tax</u> | <u>Dis/Comm</u><br><u>Millions</u> | <u>Cost of</u><br><u>Goods</u> | <u>Operation</u><br><u>Costs</u> | <u>Other</u><br><u>Income</u> |
|----------|---------------------------|-------------------------------------|------------------------------|---------------------------------|------------------------------------|--------------------------------|----------------------------------|-------------------------------|
| Actual   | 2000                      | 5.900000                            | 57.467696                    | 11.853082                       | 6.003244                           | 32.318259                      | 1.202429                         | 0.039667                      |
| Actual   | 2001                      | 5.900000                            | 58.844284                    | 12.141061                       | 6.134579                           | 33.666541                      | 1.301124                         | 0.003416                      |
| Actual   | 2002                      | 5.600000                            | 62.514926                    | 12.898347                       | 6.797458                           | 35.279453                      | 1.477563                         | 0.008387                      |
| Actual   | 2003                      | 6.000000                            | 66.123983                    | 13.643474                       | 7.432835                           | 37.321005                      | 1.484600                         | 0.007831                      |
| Actual   | 2004                      | 6.500000                            | 70.827539                    | 14.613826                       | 8.165280                           | 39.933421                      | 1.299518                         | 0.009589                      |
| Forecast | 2005                      | 6.608000                            | 73.443672                    | 15.155044                       | 8.467395                           | 41.920179                      | 1.301755                         | 0.008602                      |
| Forecast | 2006                      | 6.854000                            | 76.161088                    | 15.715780                       | 8.780689                           | 43.471225                      | 1.348516                         | 0.008674                      |
| Forecast | 2007                      | 7.158000                            | 78.979049                    | 16.297264                       | 9.105575                           | 45.079661                      | 1.347718                         | 0.008955                      |

GF Profit = Gross Sales + Other Income – Excise /Lic Tax – Dis/Comm – Cost of Goods – Operation Costs

---

# Legislative Fiscal Division

## Revenue Estimate Profile

### Lottery Profits

---

**Revenue Description:** The Montana state lottery was enacted by legislative referendum and became effective January 1, 1987. The first lottery game was launched in June 1987. A lottery is generally defined as “any procedure in which one or more prizes are distributed among persons who have paid for a chance to win a prize”. The games are administered by the Department of Administration. By law, a minimum of 45.0 percent of the money paid for tickets or chances must be paid out as prizes.

Lottery revenue is derived from ticket sales, sales agents license fees, and unclaimed prizes. Sales revenue is initially deposited into an enterprise fund known as the state lottery fund. After paying prizes, ticket costs, commissions, and other operating costs, any profits are transferred to the general fund.

**Applicable Tax Rate(s):** There is no actual tax rate involved. However, applicants for sales agent licenses are charged a \$50.00 fee to cover the cost of investigating and processing the applications.

**Distribution:** All gross lottery revenue not used for prizes, commissions, administration, and operating expenses, together with the interest earned (on the gross revenue while the gross revenue is in the enterprise fund), is considered net revenue. This net revenue is transferred to the general fund. Senate Bill 55, passed by the 1999 legislature, requires the Department of Commerce to submit a biennium budget for the state lottery fund for appropriation by the legislature. By determining the amount appropriated, the legislature has better control over the amount transferred to the general fund.

#### Summary of Legislative Action:

House Bill 2 - The amount of money appropriated from certain accounts inversely impacts the amount of general fund revenue from various sources. Although these revenue amounts are estimated prior to the session based on present law appropriations requested in the Executive Budget and finalized in HJ 2, final appropriations set by the legislature, such as those in HB 2, may differ and, thus, may affect revenue. Changes in appropriations to the Department of Commerce from the lottery enterprise fund increase liquor profits transferred to the general fund by \$599,671 in FY 2006 and reduce general fund by \$329 in FY 2007.

House Bill 447 – Money to pay for salary and benefit increases for state employees is appropriated in the legislation. The amount of money appropriated from certain accounts inversely impacts the amount of general fund revenue from various sources. Although these revenue amounts are estimated prior to the session based on present law appropriations requested in the Executive Budget and finalized in HJ 2, final appropriations set by the legislature, such as those in HB 447, may differ and, thus, may affect revenue. Increases in appropriations to the Department of Commerce from the lottery enterprise fund reduce lottery profits transferred to the general fund by \$43,328 in FY 2006 and \$113,317 in FY 2007.

| Lottery Profits -- Legislation Passed by 59th Legislature<br>Estimated General Fund Impact for the 2007 Biennium |                    |                    |                    |
|--|--------------------|--------------------|--------------------|
| <u>Bill Number and Short Title</u>   | <u>Fiscal 2005</u> | <u>Fiscal 2006</u> | <u>Fiscal 2007</u> |
| HB0002 General appropriations act  |                    | 599,671            | (329)              |
| HB0447 Increase state employee pay   |                    | (43,328)           | (113,317)          |
| Total Estimated General Fund Impact  | <u>\$0</u>         | <u>\$556,343</u>   | <u>(\$113,646)</u> |

#### Statutory Reference:

Tax Rate – NA  
Distribution (MCA) – 23-7-402(3)  
Date Due – quarterly (23-7-402(3))

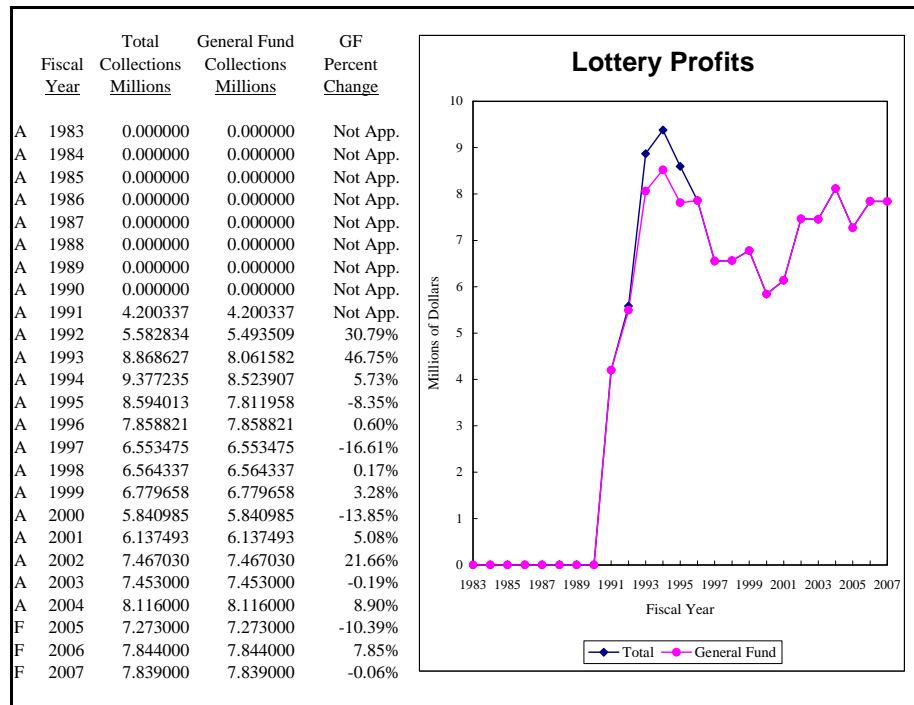
**% of Total FY 2004 General Fund Revenue:** 0.59%

# Legislative Fiscal Division

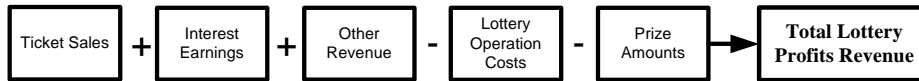
## Revenue Estimate Profile

### Lottery Profits

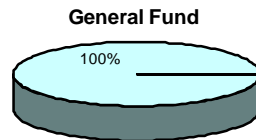
#### Revenue Projection:



#### Forecast Methodology



#### Distribution Methodology



#### Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2005 legislature that may affect future estimates of this revenue source.

|          | t Fiscal | Total Profit Millions | GF Profits Millions | Sales Millions | Interest Millions | Other Millions | Operating Millions | Prizes Millions |
|----------|----------|-----------------------|---------------------|----------------|-------------------|----------------|--------------------|-----------------|
| Actual   | 2000     | 5.840985              | 5.840985            | 29.899809      | 0.278620          | 0.075465       | 7.091950           | 17.320959       |
| Actual   | 2001     | 6.137493              | 6.137493            | 30.366526      | 0.275320          | 0.056324       | 7.098631           | 17.462046       |
| Actual   | 2002     | 7.467030              | 7.467030            | 33.632276      | 0.145685          | 0.039096       | 7.264246           | 19.085781       |
| Actual   | 2003     | 7.453281              | 7.453281            | 34.682494      | 0.077164          | 0.014065       | 7.721733           | 19.598709       |
| Actual   | 2004     | 8.115602              | 8.115602            | 36.737657      | 0.043993          | 0.002536       | 7.897710           | 20.770874       |
| Forecast | 2005     | 7.273000              | 7.273000            | 34.984738      | 0.063214          | 0.002536       | 7.976687           | 19.800872       |
| Forecast | 2006     | 7.288000              | 7.288000            | 35.135860      | 0.092355          | 0.002536       | 8.056457           | 19.886405       |
| Forecast | 2007     | 7.953000              | 7.953000            | 35.249202      | 0.103469          | 0.002536       | 7.451322           | 19.950555       |

$$\text{GF Profits} = \text{Sales} + \text{Interest} + \text{Other} - \text{Operating} - \text{Prizes}$$



---

# Legislative Fiscal Division

## Revenue Estimate Profile

### Tobacco Tax

---

**Revenue Description:** The tobacco tax is an excise tax on tobacco products sold in Montana. Cigarettes are not subject to the tobacco tax. The tax is considered a direct tax on retail consumers, but is collected by the wholesaler. Tobacco products shipped from Montana and destined for retail sale and consumption outside the state are not subject to the tax.

Beginning May 1, 2003, the Fifty-eighth Legislature passed SB 407 that doubled the tax on all tobacco products other than cigarettes and moist snuff from 12.5 percent to 25.0 percent of the wholesale price. Furthermore, moist snuff is now taxed individually, increasing the rate from the equivalent of \$0.28 an ounce to \$0.35 an ounce. Beginning January 1, 2005, the electorate approved I-149 that raised the tax on other tobacco products to 50 percent of the wholesale price and moist snuff to \$0.85 per ounce. Wholesalers are allowed a discount of 2.5 percent, until January 1, 2005 when the discount will be reduced to 1.5 percent, to cover collection and administrative expenses. The wholesaler is entitled to a refund for tobacco products that remain unsold. I-149 adjusted distributions to allow half of the tax revenues to flow into the state general fund and half to flow into a new state special revenue fund for health and Medicaid initiatives.

The state has tobacco revenue sharing agreements with three tribes in Montana. In the agreements with the Blackfeet, Ft. Belknap, and Ft. Peck tribes, the state collects the tax imposed by the tribes and distributes the revenue to the tribes on a quarterly basis. Indian consumers of tobacco on other reservations are exempt from paying the tobacco tax.

#### Applicable Tax Rate(s):

##### Through December 2004

- Tobacco products - 25.0 percent of the wholesale price
- Moist snuff - \$0.35 per ounce

##### Beginning January 2005

- Tobacco products - 50.0 percent of the wholesale price
- Moist snuff - \$0.85 per ounce

#### Distribution:

##### Through December 2004

- All proceeds, less distributions paid according to tribal agreements, are deposited into the general fund

##### Beginning January 2005

- 50% to a state special revenue fund to be used of health and Medicaid initiatives
- 50% to the general fund

**Summary of Legislative Action:** The 59th Legislature did not enact legislation that impacted this general fund revenue source.

#### Statutory Reference:

Tax Rate (MCA) – 16-11-202(2)  
Tax Distribution (MCA) – 16-11-206  
Date Due – prior to the sale of tobacco products (16-11-203)

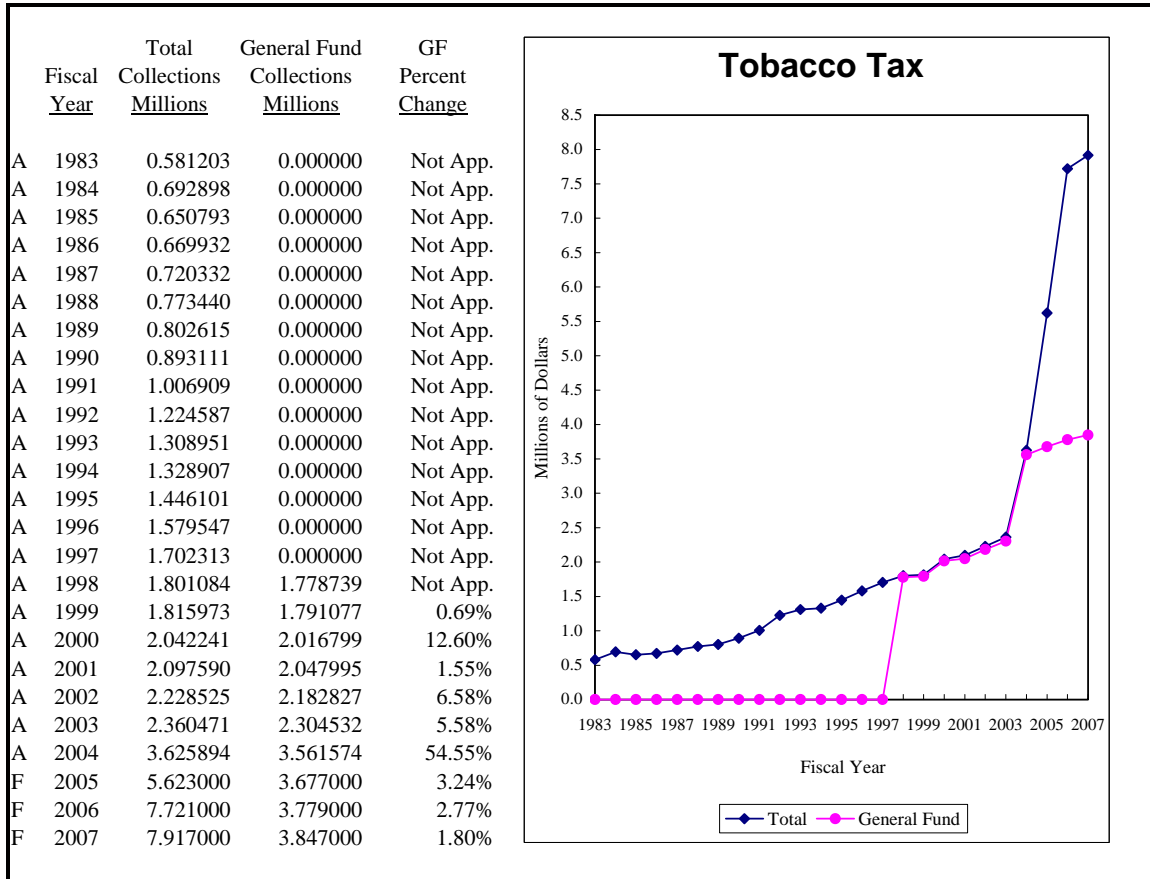
**% of Total FY 2004 General Fund Revenue:** 0.26%

# Legislative Fiscal Division

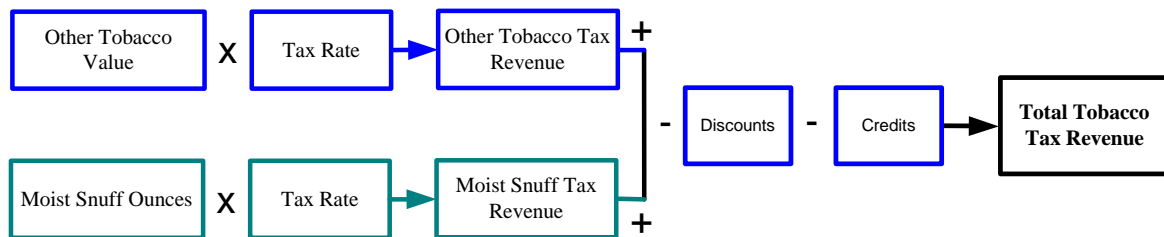
## Revenue Estimate Profile

### Tobacco Tax

#### Revenue Projection:



#### Forecast Methodology

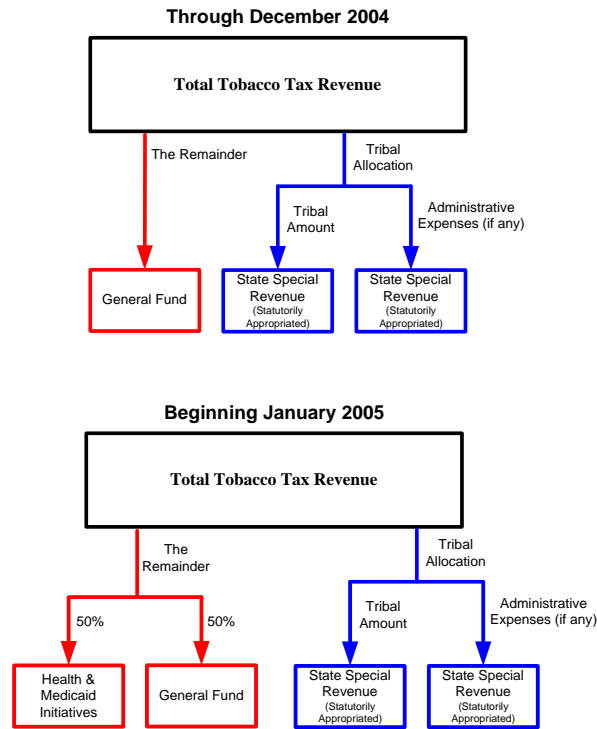


# Legislative Fiscal Division

## Revenue Estimate Profile

### Tobacco Tax

#### Distribution Methodology



#### Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2005 legislature that may affect future estimates of this revenue source.

|          | t      | Total Tax | GF Tax   | Tribal   | Other Value | Tax Rate | Snuff Ounces | Tax Rate  |
|----------|--------|-----------|----------|----------|-------------|----------|--------------|-----------|
|          | Fiscal | Millions  | Millions | Millions | Millions    | Percent  | Millions     | Per Ounce |
| Actual   | 2000   | 2.042241  | 2.016799 | 0.025442 | 16.337928   | 12.5000% |              |           |
| Actual   | 2001   | 2.097590  | 2.047995 | 0.049595 | 16.780720   | 12.5000% |              |           |
| Actual   | 2002   | 2.228525  | 2.182827 | 0.045698 | 17.828200   | 12.5000% |              |           |
| Actual   | 2003   | 2.360471  | 2.304532 | 0.055939 | 18.883768   | 12.5000% |              |           |
| Actual   | 2004   | 3.625894  | 3.561574 | 0.064320 | 4.160119    | 25.0000% | 8.079726     | 0.350000  |
| Forecast | 2005   | 5.623000  | 3.677000 | 0.085000 | 3.829952    | 37.5000% | 7.393124     | 0.600000  |
| Forecast | 2006   | 7.721000  | 3.779000 | 0.163000 | 3.735682    | 50.0000% | 7.255390     | 0.850000  |
| Forecast | 2007   | 7.917000  | 3.847000 | 0.223000 | 3.830591    | 50.0000% | 7.439721     | 0.850000  |

|          | t      | Disc. Other | Disc. Snuff | Credits  |
|----------|--------|-------------|-------------|----------|
|          | Fiscal | Millions    | Millions    | Millions |
| Actual   | 2000   |             |             |          |
| Actual   | 2001   |             |             |          |
| Actual   | 2002   |             |             |          |
| Actual   | 2003   |             |             |          |
| Actual   | 2004   | 0.030860    | 0.065578    | 0.091947 |
| Forecast | 2005   | 0.026798    | 0.080825    | 0.141553 |
| Forecast | 2006   | 0.028017    | 0.092506    | 0.193690 |
| Forecast | 2007   | 0.028730    | 0.094856    | 0.198611 |

$$\text{GF Tax} = \text{Other Value} * \text{Tax Rate} + \text{Snuff Ounces} * \text{Tax Rate} - \text{Discounts} - \text{Credits} - \text{Tribal}$$

---

# Legislative Fiscal Division

## Revenue Estimate Profile

### Video Gambling Tax

---

**Revenue Description:** Video gambling income is derived from two sources: license fees and video gambling taxes. There are three types of license fees that generate revenue. Numerous fees are paid by operators for both video gambling machines and for non-video games such as poker. In addition, persons pay an annual fee for the right to assemble, produce, or manufacture video gambling machines or associated equipment. The video gambling tax is paid by licensed video gambling machine operators. License holders are charged a tax of 15.0 percent of the gross income (defined as net of payouts) from each licensed video gambling machine. The Department of Justice (DOJ) issues video gambling licenses and permits and collects the fees and taxes. All video gambling tax revenue is deposited into the general fund.

#### Applicable Tax Rate(s):

##### License Fees

- Video Gambling Machine Permit - \$220 annually (prorated basis), \$25 machine transfer processing fee
- Video Gambling Manufacturer License - \$1,000 annually. An additional application fee is charged manufacturers to cover processing costs of the initial application. The manufacture license may be waived by the DOJ if the manufacture is also a licensed distributor or route operator.
- Video Gambling Machine Examination Fee – An amount equal to actual DOJ costs of examining the electronic equipment
- Distributor License - \$1,000 annually. The distributor license may be waived by the DOJ if the distributor is also a licensed operator or manufacturer. An additional application fee is charged distributors to cover processing costs of the initial application.
- Route Operator License - \$1,000 annually. The operator license may be waived by the DOJ if the operator is also a licensed distributor or manufacturer. An additional application fee is charged operators to cover processing costs of the initial application.
- Bingo/Keno Manufacture License - \$1,000 annually. An additional application fee is charged manufacturers to cover processing costs of the initial application.
- Gambling Establishment Operator License – An amount equal to the actual DOJ costs of determining licensure qualifications
- Antique Slot Machine Seller Permit - \$50 annually
- Live Card Game Table - \$250 annually for the first table and \$500 for each additional table
- Card Game Dealer License - \$75 for the first year, \$25 for each subsequent year
- Pinochle Tournament Permit - \$25
- Card Room Contractor License - \$150 annually
- Bingo/Keno Permit - \$250 annually
- Bingo/Keno Examination Fee – An amount equal to actual DOJ costs of examining the electronic equipment
- Sports Tab Game Seller License - \$100 annually. An additional application fee is charged to cover processing costs of the initial application.
- Casino Night Permit - \$25

##### Gambling Taxes

- Video - 15.0% of gross income (defined as net of payouts) per video gambling machine
- Bingo/Keno – 1.0% of gross proceeds
- Sport Tabs - \$1.00 for each 100 sport tabs sold

#### Distribution:

##### License Fees

1. \$100 of the live card game table fee and \$100 of the video gambling machine permit fee (prorated basis) are statutorily appropriated for distribution to local governments.
2. All other license fee revenue is retained by DOJ to cover administrative costs.

##### Gambling Taxes

1. Video - All of video gambling tax receipts are deposited into the general fund.
2. Bingo/Keno – All collections are statutorily appropriated for distribution to the municipality or county in which the game is located.
3. Sport Tabs – All collections are retained by DOJ for administration purposes.

# Legislative Fiscal Division

## Revenue Estimate Profile

### Video Gambling Tax

#### Summary of Legislative Action:

House Bill 802 – The legislation eliminates the \$10 annual permit surcharge for each video gambling machine on premises with fewer than 20 machines and the \$20 annual permit surcharge for each video gambling machine on premises with 20 machines for a general fund loss of \$273,275 each year. The legislation is effective on passage and approval and applies to permit fees charged on or after June 30, 2005.

Senate Bill 84 – The legislation provides procedures for the forfeiture of seized evidence in gambling cases, enables the Department of Justice to pursue a violation even if the gambling license or permit has lapsed, revises the bingo law, and allows for additional gambling games to be played on video machines. The department estimates that the legislation will result in the licensing of more video gambling machine test facilities for an increase in state special fee revenue of \$2,000 in FY 2006 and \$1,000 in FY 2007. The legislation is effective July 1, 2005.

| Video Gambling Tax -- Legislation Passed by 59th Legislature<br>Estimated General Fund Impact for the 2007 Biennium |             |             |             |
|---|-------------|-------------|-------------|
| Bill Number and Short Title   | Fiscal 2005 | Fiscal 2006 | Fiscal 2007 |
| HB0802 Eliminate annual permit surcharge fee for video gambling machines  |             | (273,275)   | (273,275)   |
| SB0084 Generally revise gambling laws   |             |             |             |
| Total Estimated General Fund Impact   | \$0         | (\$273,275) | (\$273,275) |

#### Statutory Reference:

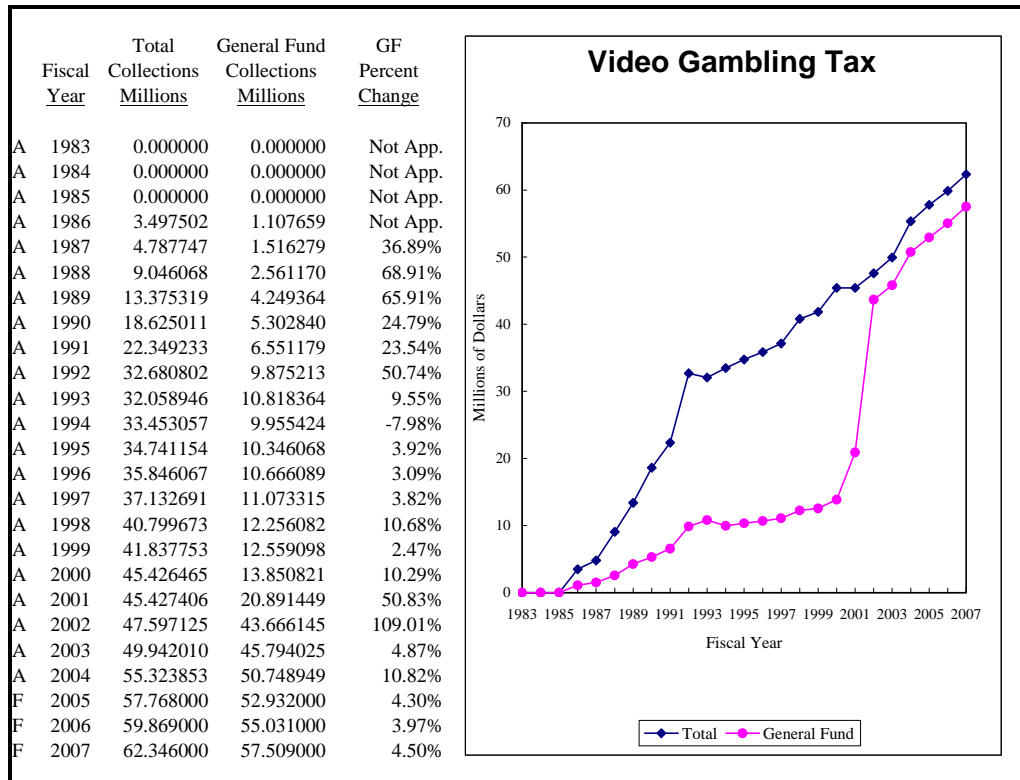
Tax Rate (MCA) – card table fee (23-5-306(2)), video tax (23-5-610(1)), machine permit fee (23-5-612(2))

Tax Distribution (MCA) - card table fee (23-5-306(3&4)), video (23-5-610(6)), machine permit fee (23-5-612(3))

Date Due – card table fees due annually and distributed quarterly to local governments (23-5-306(1&4)), video tax due 15 and 25 days after the end of the quarter (23-5-610(5)(a&b)), machine permit fees due annually prorated on a quarterly basis (23-5-612(2a))

**% of Total FY 2004 General Fund Revenue:** 3.69%

#### Revenue Projection:

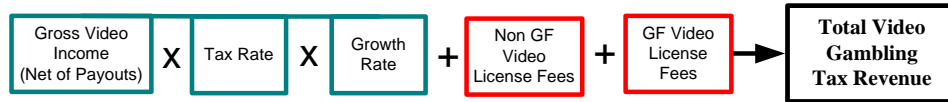


# Legislative Fiscal Division

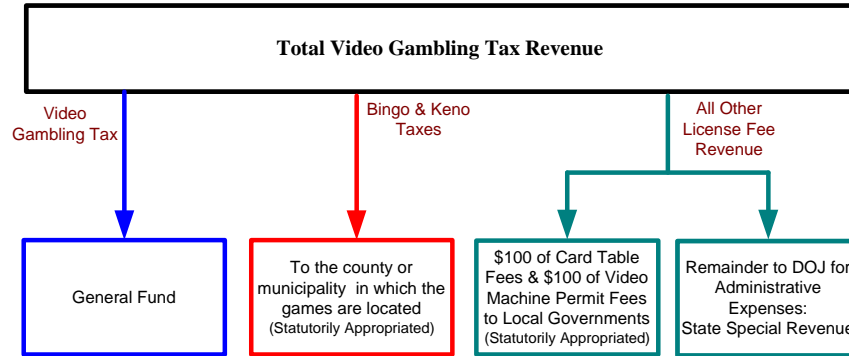
## Revenue Estimate Profile

### Video Gambling Tax

#### Forecast Methodology



#### Distribution Methodology



#### Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2005 legislature that may affect future estimates of this revenue source.

| t        | Fiscal | Total Tax | GF Tax    | Net Income | Net Income |              |                     |
|----------|--------|-----------|-----------|------------|------------|--------------|---------------------|
|          |        | Millions  | Millions  | Millions   | Tax Rate   | Tax Millions | Non GF Fee Millions |
| Actual   | 2000   | 45.426465 | 13.850821 | 269.776957 | 0.150000   | 41.431382    | 3.995083            |
| Actual   | 2001   | 45.427406 | 20.891449 | 275.867992 | 0.150000   | 41.502013    | 3.925393            |
| Actual   | 2002   | 47.597125 | 43.666145 | 290.298949 | 0.150000   | 43.668454    | 3.928671            |
| Actual   | 2003   | 49.942010 | 45.794025 | 307.161266 | 0.150000   | 45.816379    | 4.125631            |
| Actual   | 2004   | 55.323853 | 50.748949 | 332.902749 | 0.150000   | 50.495647    | 4.828206            |
| Forecast | 2005   | 57.768000 | 52.932000 | 352.876914 | 0.150000   | 52.932000    | 4.836000            |
| Forecast | 2006   | 60.140000 | 55.304000 | 368.688270 | 0.150000   | 55.304000    | 4.836000            |
| Forecast | 2007   | 62.618000 | 57.782000 | 385.208085 | 0.150000   | 57.782000    | 4.836000            |

| t        | Fiscal | Annual      | Tax              | Tax                   | GF Percent |
|----------|--------|-------------|------------------|-----------------------|------------|
|          |        | Growth Rate | Credits Millions | Efficiencies Millions | Allocation |
| Actual   | 2000   | 0.067667    | 0.000000         | 0.000000              | 0.334307   |
| Actual   | 2001   | 0.022578    | 0.000000         | 0.000000              | 0.503384   |
| Actual   | 2002   | 0.052311    | 0.000000         | 0.000000              | 0.999840   |
| Actual   | 2003   | 0.058086    | 0.000000         | 0.000000              | 0.999512   |
| Actual   | 2004   | 0.083804    | 0.000000         | 0.000000              | 0.999604   |
| Forecast | 2005   | 0.060000    | 0.000000         | 0.000000              | 1.000000   |
| Forecast | 2006   | 0.044807    | 0.000000         | 0.000000              | 1.000000   |
| Forecast | 2007   | 0.044807    | 0.000000         | 0.000000              | 1.000000   |

$$\text{GF Tax} = \text{Net Income} * \text{Tax Rate} + \text{GF Fee}$$

# Legislative Fiscal Division

## Revenue Estimate Profile

### Wine Tax

**Revenue Description:** A wine tax is levied on table wines imported into Montana by wine distributors or by the Department of Revenue (DOR), who is authorized to sell wines to retail liquor establishments throughout the state. A tax is also imposed on hard cider imported by a table wine distributor or DOR. A portion of wine tax revenue is returned to Indian tribes per an agreement between DOR and the tribes.

**Applicable Tax Rate(s):** A tax of \$0.27 is imposed per liter of wine and a tax of \$0.037 per liter is imposed on hard cider. An additional tax of \$0.01 per liter is imposed on table wine sold by a table wine distributor to an agent.

**Distribution:** The \$0.01 per liter tax is deposited into the general fund. Other wine tax revenue is distributed 69.0% to the general fund and 31.0% to the DPHHS alcohol account. The general fund distribution is reduced by the amount of the tribal agreements.

**Summary of Legislative Action:** The 59<sup>th</sup> Legislature did not enact legislation that impacted this general fund revenue source.

#### Statutory Reference:

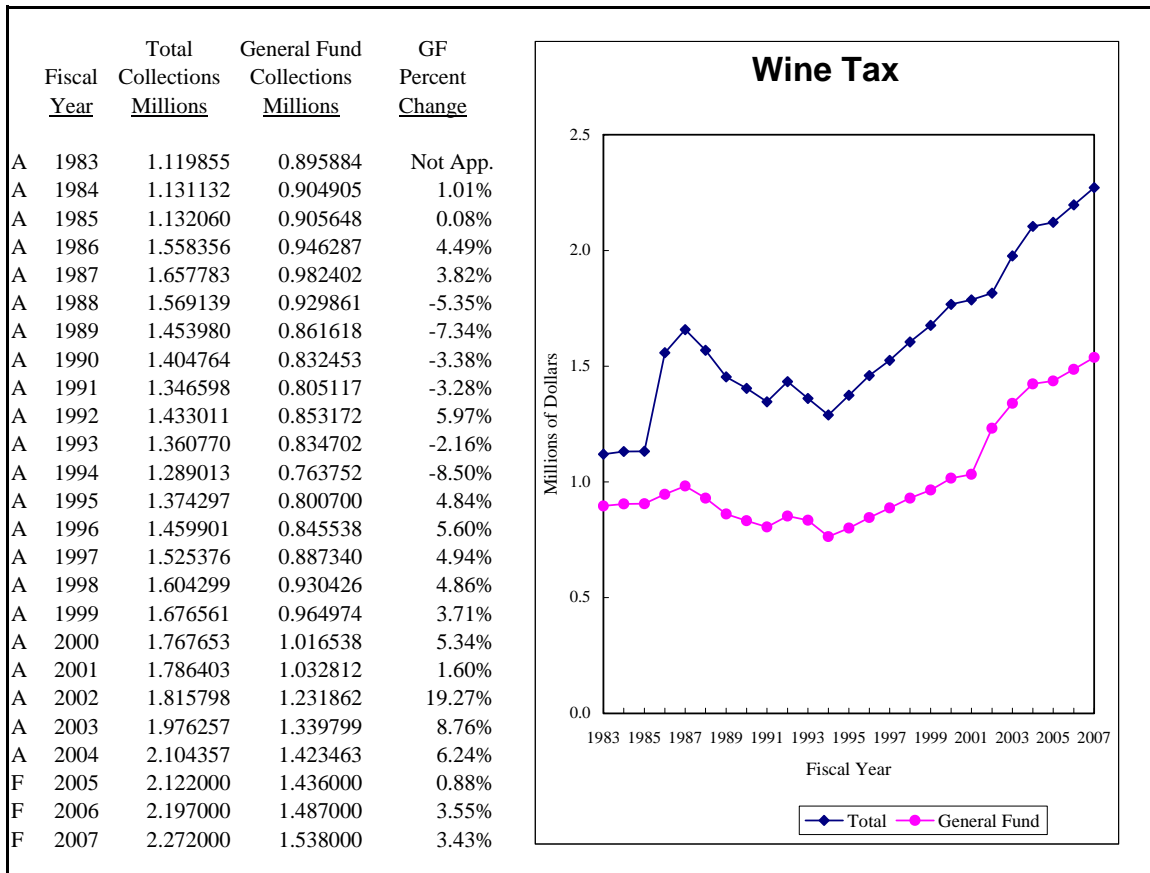
Tax Rate (MCA) – 16-1-411(1), 16-2-301(2)

Tax Distribution (MCA) – 16-1-411(3)

Date Due – 15<sup>th</sup> day of the month following the sale from the distributor's warehouse (16-1-411(2))

**% of Total FY 2004 General Fund Revenue:** 0.10%

#### Revenue Projection:

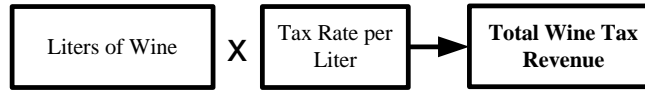


# Legislative Fiscal Division

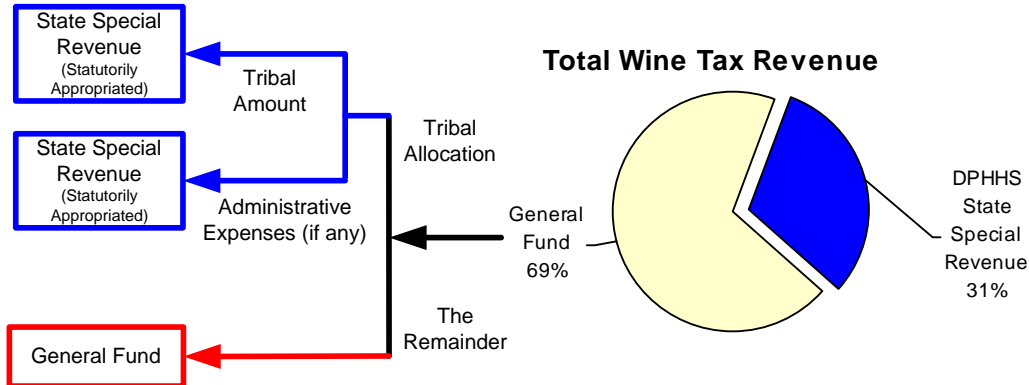
## Revenue Estimate Profile

### Wine Tax

#### Forecast Methodology



#### Distribution Methodology



#### Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2005 legislature that may affect future estimates of this revenue source.

|          | <u>t</u>      | <u>Total Tax</u> | <u>GF Tax</u>   | <u>Liters</u>   | <u>Tax Rate</u>  | <u>GF Percent</u> | <u>Tribal</u>   |
|----------|---------------|------------------|-----------------|-----------------|------------------|-------------------|-----------------|
|          | <u>Fiscal</u> | <u>Millions</u>  | <u>Millions</u> | <u>Millions</u> | <u>Per Liter</u> | <u>Allocation</u> | <u>Millions</u> |
| Actual   | 2000          | 1.767653         | 1.016538        | 6.546863        | 0.270000         | 0.590200          | 0.026730        |
| Actual   | 2001          | 1.786403         | 1.032812        | 6.616307        | 0.270000         | 0.590257          | 0.021624        |
| Actual   | 2002          | 1.815798         | 1.231862        | 6.725178        | 0.270000         | 0.690186          | 0.021376        |
| Actual   | 2003          | 1.976257         | 1.339799        | 7.319470        | 0.270000         | 0.690196          | 0.024205        |
| Actual   | 2004          | 2.104357         | 1.423463        | 7.793915        | 0.270000         | 0.690253          | 0.029075        |
| Forecast | 2005          | 2.122000         | 1.436000        | 7.857731        | 0.270000         | 0.690000          | 0.028000        |
| Forecast | 2006          | 2.197000         | 1.487000        | 8.136352        | 0.270000         | 0.690000          | 0.029000        |
| Forecast | 2007          | 2.272000         | 1.538000        | 8.414973        | 0.270000         | 0.690000          | 0.030000        |

$$\text{GF Tax} = \text{Liter} * \text{Tax Rate} - \text{Tribal}$$